

2006

Baldrige National Quality Program

Health Care Criteria for Performance Excellence

ethics



leadership

recognition



THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

A Public-Private Partnership

Building active partnerships in the private sector—and among the private sector and all levels of government—is fundamental to the success of the Baldrige National Quality Program in improving national competitiveness. Private-sector support for the Program in the form of funds, volunteer efforts, and participation in information transfer continues to grow.

To ensure the continued growth and success of these partnerships, each of the following organizations plays an important role.

Foundation for the Malcolm Baldrige National Quality Award

The Foundation for the Malcolm Baldrige National Quality Award was created to foster the success of the Program. The Foundation's main objective is to raise funds to permanently endow the Award Program.

Prominent leaders from U.S. organizations serve as Foundation Trustees to ensure that the Foundation's objectives are accomplished. A broad cross section of organizations throughout the United States provides financial support to the Foundation.

National Institute of Standards and Technology

The U.S. Department of Commerce is responsible for the Baldrige National Quality Program and the Award. The National Institute of Standards and Technology (NIST), an agency of the Department's Technology Administration, manages the Program. NIST promotes U.S. economic growth by working with industry to develop and deliver the high-quality measurement tools, data, and services necessary for the nation's technology infrastructure. NIST also participates in a unique, government/private-sector partnership to accelerate the development of high-risk technologies that promise significant commercial and economic benefits. Through a network of technology extension centers and field offices serving all 50 states and Puerto Rico, NIST helps small- and medium-sized businesses access the information and expertise they need to improve their competitiveness in the global marketplace.

American Society for Quality

The American Society for Quality (ASQ) assists in administering the Award Program under contract to NIST. ASQ is dedicated to the ongoing development, advancement, and promotion of quality concepts, principles, and techniques. ASQ strives to be the world's recognized champion and leading authority on all issues related to quality. ASQ recognizes that continuous quality improvement will help the favorable positioning of American goods and services in the international marketplace.

Board of Overseers

The Board of Overseers advises the Department of Commerce on the Baldrige National Quality Program. The board is appointed by the Secretary of Commerce and consists of distinguished leaders from all sectors of the U.S. economy.

The Board of Overseers evaluates all aspects of the Program, including the adequacy of the Criteria and processes for determining Award recipients. An important part of the board's responsibility is to assess how well the Program is serving the national interest. Accordingly, the board makes recommendations to the Secretary of Commerce and to the Director of NIST regarding changes and improvements in the Program.

Board of Examiners

The Board of Examiners evaluates Award applications and prepares feedback reports. The Panel of Judges, part of the Board of Examiners, makes Award recommendations to the Director of NIST. The board consists of leading experts from U.S. businesses and education, health care, and non-profit organizations. NIST selects members through a competitive application process. For 2006, the board consists of about 540 members. Of these, 10 (who are appointed by the Secretary of Commerce) serve as Judges, and approximately 110 serve as Senior Examiners. The remainder serve as Examiners. All members of the board must take part in an Examiner Preparation Course.

In addition to reviewing applications, board members play a significant role in sharing information about the Program. Their membership in hundreds of professional, trade, community, and state organizations helps them disseminate this information.

Award Recipients

Award recipients are required to share information on their successful performance and quality strategies with other U.S. organizations. However, recipients are not required to share proprietary information, even if such information was part of their Award application. The principal mechanism for sharing information is The Quest for Excellence® Conference, held annually.

Award recipients in the 18 years of the Award have been extremely generous in their commitment to improving U.S. competitiveness and furthering the U.S. pursuit of performance excellence. They have shared information with hundreds of thousands of companies, education organizations, health care organizations, government agencies, and others. This sharing far exceeds expectations and Program requirements. Award recipients' efforts have encouraged many other organizations in all sectors of the U.S. economy to undertake their own performance improvement efforts.



Baldridge National Quality Program

National Institute of Standards and Technology • Technology Administration • Department of Commerce

To: U.S. Health Care Community

From: Harry S. Hertz, Director
Baldridge National Quality Program

Subject: Win the Baldridge Challenge

The Baldridge Health Care Criteria for Performance Excellence are about winning! They are about winning in your health care “marketplace” every day with a high-performing, high integrity, ethical organization. Every Baldridge Criteria user is a winner.

The Health Care Criteria help organizations respond to current challenges and address all the complexities of delivering today’s results while preparing effectively for the future. The 2006 Health Care Criteria include 19 simple new questions, one for each of the Baldridge Health Care Criteria Items (see page 11). While the questions are simple, providing the answers is challenging and gets at the core of how your organization operates today and how you prepare for the future. How does your organization measure up?

Whether your organization is small or large, is involved in ambulance service or health maintenance, or has one facility or multiple sites across the country, the Health Care Criteria provide a valuable framework that can help you measure performance and plan in an uncertain environment. The Health Care Criteria can help you align resources with approaches, such as Plan-Do-Study-Act cycles, a Balanced Scorecard, and Six Sigma; improve communication, productivity, and effectiveness; and achieve strategic goals.

How to begin that first Baldridge assessment? Take a few minutes and scan the questions in the Organizational Profile on pages 12 and 14. A discussion of the answers to these questions might be your first Baldridge assessment. For additional guidance, refer to our free booklet *Getting Started with the Baldridge Criteria for Performance Excellence*.

Do you need to know what your staff and your senior managers think? Do you believe you have been making progress but want to accelerate or better focus your efforts? Try using our simple *Are We Making Progress?* and *Are We Making Progress as Leaders?* questionnaires. Organized by the seven Baldridge Criteria Categories, they will help you check your progress toward meeting your organizational goals and can improve communication among your staff and your leadership team.

Even if you don’t expect to win the Baldridge Award, submitting an Award application has valuable benefits. Every applicant receives a detailed feedback report based on an independent, external assessment conducted by a panel of specially trained and recognized experts.

The Health Care Criteria are in your hands . . . so is an incredible opportunity. Why not take advantage of that opportunity? When you turn these pages, you turn the corner toward performance excellence. If you want more information, contact me at nqp@nist.gov.

Need some useful tools to meet the Baldridge challenge? Try using

- *Getting Started with the Baldridge Criteria for Performance Excellence*
- E-Baldridge Organizational Profile found on our Web site at www.baldridge.nist.gov/eBaldridge/Step_One.htm
- *Are We Making Progress?* and *Are We Making Progress as Leaders?*

Contact the Baldridge National Quality Program or visit our Web site for these and other educational materials.

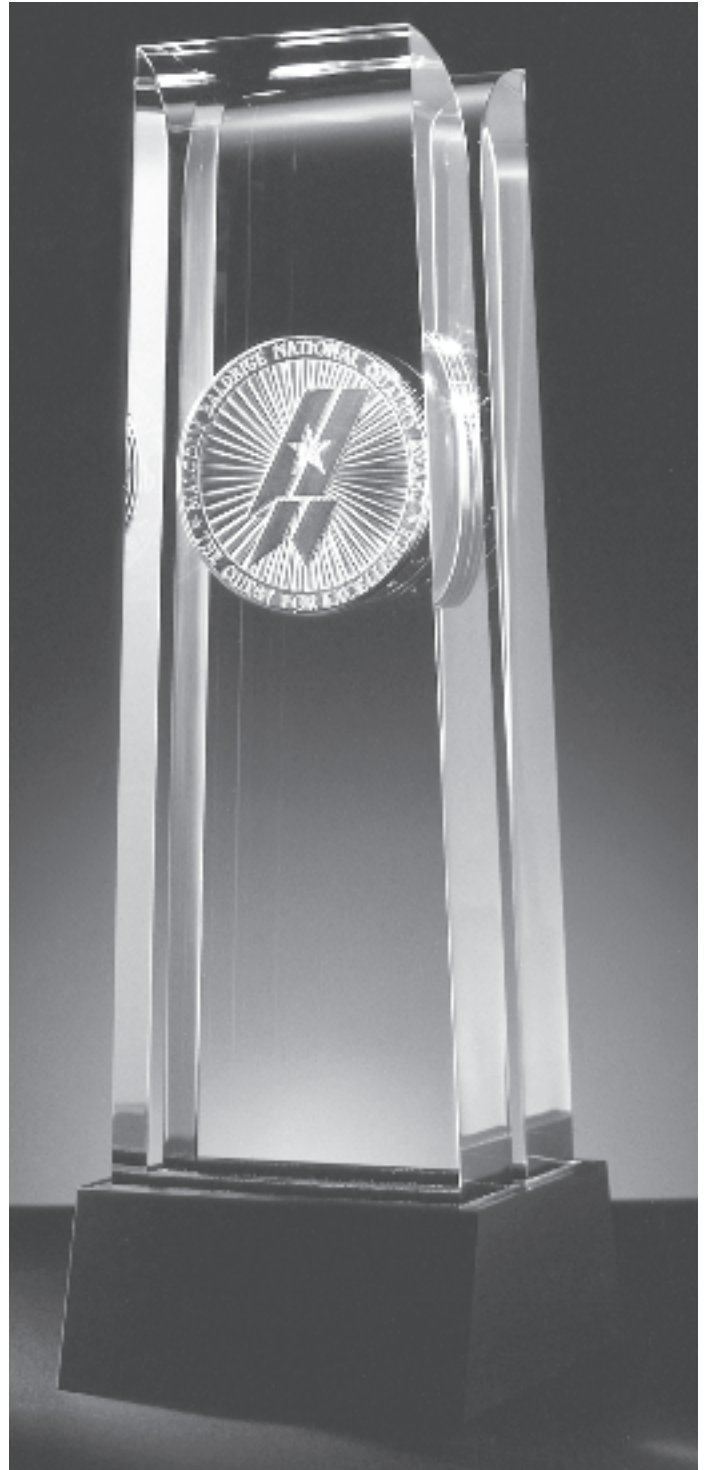
THE QUEST FOR EXCELLENCE

The Quest for Excellence® XVIII Conference

Each year, The Quest for Excellence, the official conference of the Malcolm Baldrige National Quality Award, provides a forum for Baldrige Award recipients to share their exceptional performance practices with worldwide leaders in business, education, health care, and nonprofit organizations. The Quest for Excellence XVIII will showcase the year 2005 Award recipients.

For the last 17 years, executives, managers, and quality leaders have come to this conference to learn how these role model organizations have achieved performance excellence. CEOs and other leaders from the Award recipient organizations give presentations covering all seven Categories of the Baldrige Criteria, their journey to performance excellence, and their lessons learned. At this three-day conference, designed to maximize learning and networking opportunities, attendees will be able to interact with Award recipients.

The Quest for Excellence XVIII Conference will be held April 23–26, 2006, at the Hilton Washington in Washington, D.C. For further information, contact the Baldrige Program by mail: Baldrige National Quality Program, NIST, Administration Building, Room A600, 100 Bureau Drive, Stop 1020, Gaithersburg, MD 20899-1020; telephone: (301) 975-2036; fax: (301) 948-3716; or e-mail: nqp@nist.gov. For a general overview of the Baldrige National Quality Program, visit its Web site: www.baldrige.nist.gov.



Crystal by Steuben

The Malcolm Baldrige National Quality Award

The Award crystal, composed of two solid crystal prismatic forms, stands 14 inches tall. The crystal is held in a base of black anodized aluminum with the Award recipient's name engraved on the base. A 22-karat gold-plated medallion is captured in the front section of the crystal. The medal bears the inscriptions "Malcolm Baldrige National Quality Award" and "The Quest for Excellence" on one side and the Presidential Seal on the other.

The President of the United States traditionally presents the Award at a special ceremony in Washington, D.C.

The Malcolm Baldrige National Quality Award logo and the phrases "The Quest for Excellence" and "Performance Excellence" are trademarks and service marks of the National Institute of Standards and Technology.

CONTENTS

1	2006 Health Care Criteria: Core Values, Concepts, and Framework
7	Key Characteristics of the Health Care Criteria
9	Changes from the 2005 Health Care Criteria
<hr/>	
11	2006 Health Care Criteria for Performance Excellence—Item Listing
12	2006 Health Care Criteria for Performance Excellence
12	Preface: Organizational Profile
15	1 Leadership
18	2 Strategic Planning
21	3 Focus on Patients, Other Customers, and Markets
24	4 Measurement, Analysis, and Knowledge Management
26	5 Human Resource Focus
29	6 Process Management
32	7 Results
<hr/>	
38	Baldrige Application Self-Analysis Worksheet
40	2006 Health Care Criteria: Category and Item Descriptions
55	Scoring System
56	Scoring Guidelines
59	2006 Health Care Criteria Response Guidelines
<hr/>	
63	Applying for the Malcolm Baldrige National Quality Award
63	Fees for the 2006 Award Cycle
65	Summary of Health Care Eligibility and Restrictions
67	How to Obtain Copies of Baldrige National Quality Program Materials
<hr/>	
69	Glossary of Key Terms
78	Index of Key Terms

Business and education organizations should use the appropriate Criteria booklets for their respective sectors. See pages 67–68 for ordering information.

If you plan to apply for the Award in 2006, you also will need the *Baldrige Award Application Forms*, which can be downloaded at www.baldrige.nist.gov/Award_Application.htm.

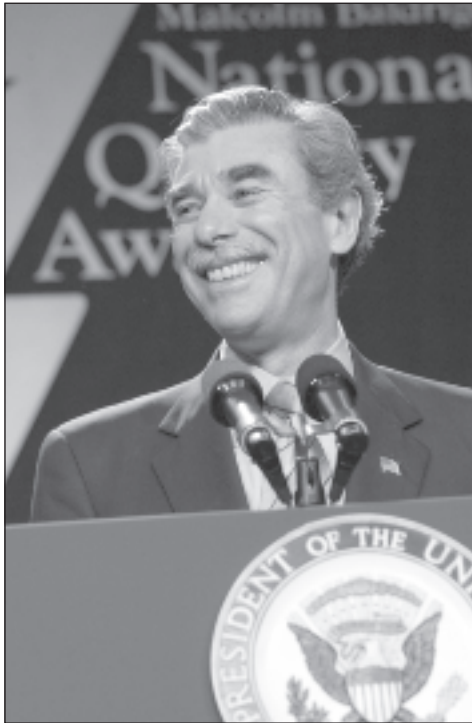
The first step in the Award application process is to provide the Eligibility Certification Package, which is due April 11, 2006. If you would like to recommend a senior member of your organization for the Board of Examiners, the package is due March 10, 2006.

Award Application Packages are due May 25, 2006, or May 11, 2006, if submitted on a CD.

We are easy to reach. Our Web site is www.baldrige.nist.gov.



Baldridge National Quality Program Honors 2004 Award Recipients



On July 20, 2005, the four 2004 Baldridge Award recipients—The Bama Companies, Inc. (Bama); Texas Nameplate Company, Inc. (TNC); Kenneth W. Monfort College of Business (Monfort); and Robert Wood Johnson University Hospital Hamilton (RWJ)—were honored. Clockwise from the upper right, the photographs show (1) the Award crystal; (2) U.S. Secretary of Commerce Carlos M. Gutierrez, Bama CEO Paula Marshall-Chapman, Bama Chairman of the Board and Founder/Owner Lilah Marshall, TNC President and CEO R. Dale Crownover, TNC Vice President and General Counsel John L. Darrouzet, U.S. Vice President Richard B. Cheney, Monfort Dean Joe Alexander, Monfort Assistant Dean Tim Jares, RWJ President and CEO Christy Stephenson, and RWJ Chief Operating Officer Deborah Cardello; (3) Vice President Cheney; (4) Vice President Cheney and the Award recipients; (5) and Secretary Gutierrez.



2006 HEALTH CARE CRITERIA: CORE VALUES, CONCEPTS, AND FRAMEWORK

Criteria Purposes

The Health Care Criteria are the basis for conducting organizational self-assessments, for making Awards, and for giving feedback to applicants. In addition, the Health Care Criteria have three important roles in strengthening U.S. competitiveness:

- to help improve organizational performance practices, capabilities, and results
- to facilitate communication and sharing of best practices information among health care organizations and among U.S. organizations of all types
- to serve as a working tool for understanding and managing performance and for guiding organizational planning and opportunities for learning

Health Care Criteria for Performance Excellence Goals

The Health Care Criteria are designed to help organizations use an integrated approach to organizational performance management that results in

- delivery of ever-improving value to patients, other customers, and stakeholders, contributing to improved health care quality and organizational sustainability
- improvement of overall organizational effectiveness and capabilities as a health care provider
- organizational and personal learning

Core Values and Concepts

The Health Care Criteria are built on the following set of interrelated Core Values and Concepts:

- visionary leadership
- patient-focused excellence
- organizational and personal learning
- valuing staff and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- social responsibility and community health
- focus on results and creating value
- systems perspective

These values and concepts, described below, are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action and feedback.

Visionary Leadership

Your organization's senior leaders should create a leadership system that includes both clinical and administrative leaders and fosters the integration and alignment of business and clinical directions.

Your organization's senior leaders (administrative/operational and health care provider leaders) should set directions and create a patient focus, clear and visible values, and high expectations. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving performance excellence in health care, stimulating innovation, building knowledge and capabilities, and ensuring organizational sustainability. The values and strategies should help guide all of your organization's activities and decisions. Senior leaders should inspire and motivate your entire staff and should encourage all staff, including any volunteers, to contribute, to develop and learn, to be innovative, and to be creative. Senior leaders should be responsible to your organization's governance body for their actions and performance. The governance body should be responsible ultimately to all your stakeholders for the ethics, actions, and performance of your organization and its senior leaders.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, communications, coaching, development of future leaders, review of organizational performance, and staff recognition. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organization.

Patient-Focused Excellence

The delivery of health care services must be patient focused. Quality and performance are the key components in determining patient satisfaction, and all attributes of patient care delivery (including those not directly related to medical/clinical services) factor into the judgment of satisfaction and value. Satisfaction and value to patients are key considerations for other customers as well. Patient-focused excellence has both current and future components: understanding today's patient desires and anticipating future patient desires and health care marketplace offerings.

Value and satisfaction may be influenced by many factors during a patient's experience participating in health care. Primary among these factors is an expectation that patient safety will be ensured throughout the health care delivery process. Additional factors include a clear understanding of likely health and functional status outcomes, as well as the patient's relationship with the health care provider and ancillary staff, cost, responsiveness, and continuing care and



attention. For many patients, the ability to participate in making decisions about their health care is considered an important factor. This requires patient education for an informed decision. Characteristics that differentiate one provider from another also contribute to the sense of being patient-focused.

Patient-focused excellence is thus a strategic concept. It is directed toward obtaining and retaining patient loyalty, referral of new patients, and market share gain in competitive markets. Patient-focused excellence thus demands rapid and flexible response to emerging patient desires and health care marketplace requirements, and measurement of the factors that drive patient satisfaction. It demands listening to your patients and other customers. Patient-focused excellence also demands awareness of new technology and new modalities for delivery of health care services.

Organizational and Personal Learning

Achieving the highest levels of organizational performance requires a well-executed approach to organizational and personal learning. Organizational learning includes both continuous improvement of existing approaches and significant change, leading to new goals and approaches. Learning needs to be embedded in the way your organization operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, department/work unit, and organizational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on building and sharing knowledge throughout your organization; and (5) is driven by opportunities to effect significant, meaningful change. Sources for learning include staff's and volunteers' ideas, health care research findings, patients' and other customers' input, best practice sharing, and benchmarking.

Organizational learning can result in (1) enhancing value to patients through new and improved patient care services; (2) developing new health care opportunities; (3) reducing errors, defects, waste, and related costs; (4) improving responsiveness and cycle time performance; (5) increasing productivity and effectiveness in the use of all your resources; and (6) enhancing your organization's performance

in building community health and fulfilling its societal responsibilities.

Staff success depends increasingly on having opportunities for personal learning and on practicing new skills. In organizations that rely on volunteers, the volunteers' personal learning also is important, and their learning and skill development should be considered with the staff's. Organizations invest in staff's personal learning through education, training, and other opportunities for continuing growth and development. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and to better link training to your organizational needs and priorities. For health care providers, personal learning includes building discipline knowledge, discipline retraining to adjust to a changing health care environment, and enhancing knowledge of measurement systems that influence outcome assessments and clinical guidelines, decision trees, or critical pathways. Education and training programs may benefit from advanced technologies, such as computer- and Internet-based learning and satellite broadcasts.

Personal learning can result in (1) more satisfied and versatile staff who stay with your organization, (2) organizational cross-functional learning, (3) the building of your organization's knowledge assets, and (4) an improved environment for innovation.

Thus, learning is directed not only toward better health care services but also toward being more responsive, adaptive, innovative, and efficient—giving your organization health care marketplace sustainability and performance advantages and giving your staff satisfaction and motivation to excel.

Valuing Staff and Partners

An organization's success depends increasingly on the diverse backgrounds, knowledge, skills, creativity, and motivation of all its staff and partners, including both paid staff and volunteers, as appropriate.

Valuing staff means committing to their satisfaction, development, and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to staff with varying workplace and home life needs. Major challenges in the area of valuing staff include (1) demonstrating your leaders' commitment to your staff's success, (2) providing recognition that goes beyond the regular compensation system, (3) offering development and progression within your organization, (4) sharing your organization's knowledge so your staff can better serve your patients and other customers and contribute to achieving your strategic objectives, (5) creating an environment that encourages appropriate risk taking and innovation, and (6) creating a supportive environment for a diverse workforce.

Organizations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include cooperation among staff, physicians, independent

practitioners, and other staff, as well as labor-management cooperation. Partnerships with staff might entail staff development, cross-training, or new work organizations, such as high-performance work teams. Internal partnerships also might involve creating network relationships among your departments/work units to improve flexibility, responsiveness, and knowledge sharing and to develop processes that better meet patient care and needs.

External partnerships might be with customers, suppliers, business associations, third-party payors; nonprofit, education, community, and social service organizations; and other health care providers. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships with other health care organizations could result in referrals or in shared facilities that are either capital intensive or require unique and scarce expertise. Also, partnerships might permit the blending of your organization's core competencies or leadership capabilities with the complementary strengths and capabilities of partners to address common issues. External partnerships also might address sector-wide issues, such as the need for comparative data.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for staff development.

Agility

Success in today's ever-changing health care environment demands agility—a capacity for rapid change and flexibility. All aspects of electronic communication and information transfer require and enable more rapid, flexible, and customized responses. Health care providers face ever-shorter cycles for the introduction of new/improved health care services, as well as for faster and more flexible responses to patients and other customers, and nonprofit and governmental organizations are increasingly being asked to respond rapidly to new or emerging social issues. Major improvements in response times often require simplification of work units and processes or the ability for rapid changeover from one process to another. Cross-trained and empowered staff are vital assets in such a demanding environment.

Today's health care environment places a heavy burden on the timely design of health care delivery systems, disease prevention programs, health promotion programs, and effective and efficient diagnostic and treatment systems. Overall design must include the opportunity to learn for continuous organizational improvement and must value the individual needs of patients. Design also must include effective means for gauging improvement of health status—for patients and populations/communities. Beneficial changes must be introduced at the earliest appropriate opportunity.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in organization, quality, cost, patient focus, and productivity.

Focus on the Future

In today's health care environment, creating a sustainable organization requires understanding the short- and longer-term factors that affect your organization and health care marketplace. Pursuit of health care excellence requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your patients and families, staff, communities, employers, payors, health profession students, suppliers, and partners.

Your organization's planning should anticipate many factors, such as changes in health care delivery systems, resource availability, patient and other stakeholder expectations, technological developments, new partnering opportunities, staff development and hiring needs, the evolving importance of electronic communication and information transfer, changes in customer and market segments, evolving regulatory requirements, changes in community and societal expectations and needs, and new thrusts by competitors and other organizations providing similar services. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing staff and suppliers, accomplishing effective succession planning, creating opportunities for innovation, and anticipating public responsibilities and concerns.

A major long-term investment associated with health care excellence is the investment in creating and sustaining an assessment system focused on health care outcomes. This entails becoming familiar with research findings and ongoing application of assessment methods.

Managing for Innovation

Innovation means making meaningful change to improve an organization's services, programs, processes, and operations and to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. Innovation is no longer strictly the purview of health care researchers; innovation is important for all aspects of your operations and all processes. For example, innovation can address critical pathways and practice guidelines, facility design, the administration of medications, the organization of work, or alternative therapies. Organizations should be led and managed so that innovation becomes part of the learning culture. Innovation should be integrated into daily work and should be supported by your performance improvement system.

Innovation builds on the accumulated knowledge of your organization and its staff. Therefore, the ability to rapidly disseminate and capitalize on this knowledge is critical to driving organizational innovation.

Management by Fact

An effective health care service and administrative management system depends on the measurement and analysis of performance. Such measurements should derive from health care service needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement should include information on health care outcomes; community health; epidemiological data; critical pathways and practice guidelines; administrative, payor, staff, cost, and financial performance; competitive or collaborative comparisons; customer satisfaction; and corporate governance and compliance. Data should be segmented by, for example, markets, health care service lines, and staff groups to facilitate analysis.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making, and improvement. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, accomplishing change management, and comparing your performance with competitors', with similar health care organizations', or with "best practices" benchmarks.

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved health care outcomes; improved customer, operational, financial, and ethical performance; and healthier communities. A comprehensive set of measures or indicators tied to patient/customer and organizational performance requirements represents a clear basis for aligning all processes with your organization's goals.* Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

Social Responsibility and Community Health

A health care organization's leaders should stress responsibilities to the public, ethical behavior, and the need to foster improved community health. Leaders should be role models for your organization in focusing on ethics and protection of public health, safety, and the environment. Protection of health, safety, and the environment includes any impact of your organization's operations. Also, organizations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts that may arise in facilities management, as well as distribution, transportation, use, and disposal of your radiation, chemicals, and biohazards. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available information and support needed to maintain public awareness, safety, and confidence.

Organizations should not only meet all local, state, and federal laws and regulatory and accreditation requirements, but they should treat these and related requirements as opportunities for improvement "beyond mere compliance."

Organizations should stress ethical behavior in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organization's governance body. Ethical conduct should address both business and health care practices, such as the need to consider nondiscriminatory patient treatment policies and protection of patients' rights and privacy. Public health services and the support of the general health of the community are important citizenship responsibilities of health care organizations.

Practicing good citizenship refers to leadership in carrying out these responsibilities—within the limits of an organization's resources—and includes influencing other organizations, private and public, to partner for these purposes. For example, your organization might lead or participate in efforts to establish free clinics or affordable health care programs, to increase public health awareness programs, or to foster neighborhood services for the elderly. A leadership role also could include helping to define regional or national health care issues for action by regional or national networks or associations.

Managing social responsibility requires the use of appropriate measures and leadership responsibility for those measures.

Focus on Results and Creating Value

An organization's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—patients, their families, staff, the community, payors, businesses, health profession students, suppliers, partners, investors, and the public. By creating value for your key stakeholders, your organization builds loyalty and contributes to the community. To meet the sometimes conflicting and changing aims that balancing value implies, organizational strategy explicitly should include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

Systems Perspective

The Baldrige Health Care Criteria provide a systems perspective for managing your organization and its key processes to achieve results—performance excellence. The seven Baldrige Categories and the Core Values form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organization-specific synthesis, alignment,

and integration. Synthesis means looking at your organization as a whole and builds upon key organizational requirements, including your strategic objectives and action plans. Alignment means using the key linkages among requirements given in the Baldrige Categories to ensure consistency of plans, processes, measures, and actions. Integration builds on alignment, so that the individual components of your performance management system operate in a fully interconnected manner.

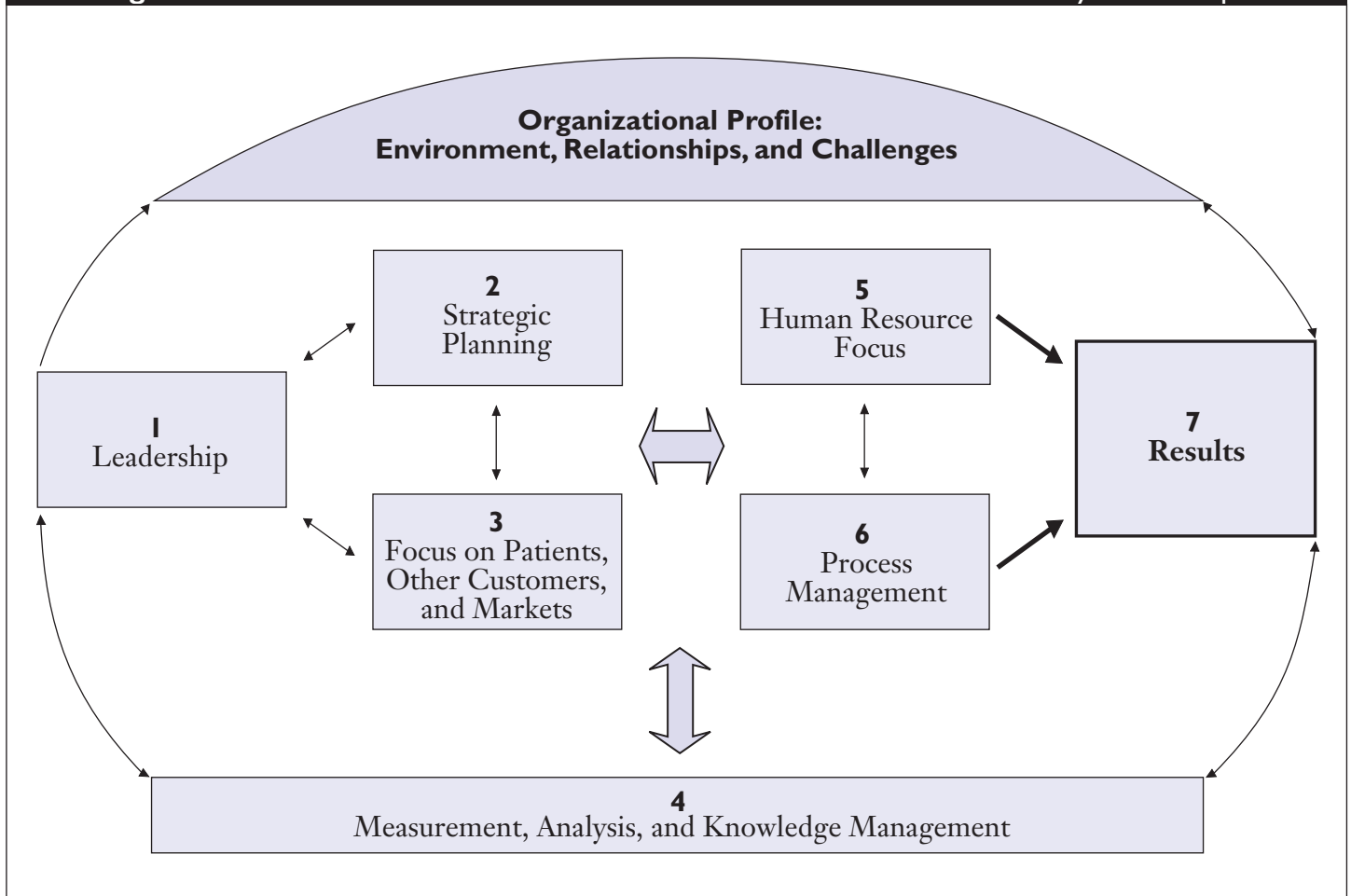
These concepts are depicted in the Baldrige framework below. A systems perspective includes your senior leaders' focus on strategic directions and on your patients and other customers. It means that your senior leaders monitor, respond to, and manage performance based on your results. A systems perspective also includes using your measures, indicators, and organizational knowledge to build your key strategies. It means linking these strategies with your key processes and aligning your resources to improve overall performance and satisfy patients, other customers, and stakeholders.

Thus, a systems perspective means managing your whole organization, as well as its components, to achieve success.

Linkage of the Health Care Criteria to the Baldrige Business Sector Criteria

The 2006 Health Care Criteria incorporate the Core Values and Concepts described on the preceding pages and are built upon the seven-part framework used in the Business Criteria for Performance Excellence. The rationale for the use of the same framework is that it is adaptable to the requirements of all organizations, including health care organizations. However, this adaptation does not assume that these requirements are necessarily addressed in the same way. This adaptation to health care, then, is largely a translation of the language and basic concepts of business excellence to similarly important concepts in health care excellence. A major practical benefit derived from using a common framework for all sectors of the economy is that it fosters cross-sector cooperation and sharing of best practices information.

Baldrige Health Care Criteria for Performance Excellence Framework: A Systems Perspective



Health Care Criteria for Performance Excellence Framework

The Core Values and Concepts are embodied in seven Categories, as follows:

- 1 Leadership**
- 2 Strategic Planning**
- 3 Focus on Patients, Other Customers, and Markets**
- 4 Measurement, Analysis, and Knowledge Management**
- 5 Human Resource Focus**
- 6 Process Management**
- 7 Results**

The figure on page 5 provides the framework connecting and integrating the Categories.

From top to bottom, the framework has the following basic elements.

Organizational Profile

Your Organizational Profile (top of figure) sets the context for the way your organization operates. Your environment, key working relationships, and strategic challenges serve as an overarching guide for your organizational performance management system.

System Operations

The system operations are composed of the six Baldrige Categories in the center of the figure that define your operations and the results you achieve.

Leadership (Category 1), Strategic Planning (Category 2), and Focus on Patients, Other Customers, and Markets (Category 3) represent the leadership triad. These Categories are placed together to emphasize the importance of a leadership focus on strategy and patients and other customers. Senior leaders set your organizational direction and seek future opportunities for your organization.

Human Resource Focus (Category 5), Process Management (Category 6), and Results (Category 7) represent the results triad. Your organization's staff and key processes accomplish the work of the organization that yields your overall performance results.

All actions point toward Results—a composite of health care, patient and other customer, and market, financial, and internal operational performance results, including human resource, governance, and social responsibility results.

The horizontal arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organizational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Results (Category 7). The two-headed arrows indicate the importance of feedback in an effective performance management system.

System Foundation

Measurement, Analysis, and Knowledge Management (Category 4) are critical to the effective management of your organization and to a fact-based, knowledge-driven system for improving health care and operational performance. Measurement, analysis, and knowledge management serve as a foundation for the performance management system.

Criteria Structure

The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address.

Items

There are 19 Items, each focusing on a major requirement. Item titles and point values are given on page 11. The Item format is shown on page 59.

Areas to Address

Items consist of one or more Areas to Address (Areas). Organizations should address their responses to the specific requirements of these Areas.

KEY CHARACTERISTICS OF THE HEALTH CARE CRITERIA

1. The Criteria focus on results.

The Criteria focus on the key areas of organizational performance given below.

Organizational performance areas:

- (1) health care and service delivery outcomes
- (2) patient- and other customer-focused outcomes
- (3) financial and market outcomes
- (4) human resource outcomes
- (5) organizational effectiveness outcomes, including key internal operational performance measures
- (6) leadership and social responsibility outcomes

The use of this composite of measures is intended to ensure that strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

2. The Criteria are nonprescriptive and adaptable.

The Criteria are made up of results-oriented requirements. However, the Criteria *do not* prescribe

- how your organization should be structured;
- that your organization should or should not have departments for quality, planning, or other functions; or
- that different units in your organization should be managed in the same way.

These factors differ among organizations, and they are likely to change as needs and strategies evolve.

The Criteria are nonprescriptive for the following reasons:

- (1) The focus is on results, not on procedures, tools, or organizational structure. Health care organizations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting requirements. Nonprescriptive requirements are intended to foster incremental and major (“break-through”) improvements, as well as basic change through innovation.
- (2) The selection of tools, techniques, systems, and organizational structure usually depends on factors such as organization type and size, organizational relationships, your organization’s stage of development, and staff capabilities and responsibilities.
- (3) A focus on common requirements, rather than on common procedures, fosters understanding, communication, sharing, alignment, and integration, while supporting innovation and diversity in approaches.

3. The Criteria integrate key health care themes.

The Health Care Criteria have been adapted to be sensitive to and tolerant of the specific needs of health care organizations. These include

- the different types of organizational missions (e.g., HMOs, home health care agencies, hospitals, and/or teaching and research institutions);
- the patient as key customer and multiple other customers and stakeholders (e.g., the community and payors);
- the complex leadership structure that includes both administrative/operational and health care providers;
- the multiple roles that health care providers may play as staff, supplier, and customer; and
- the importance of health care service delivery as the primary focus of the organization’s processes.

4. The Criteria support a systems perspective to maintaining organization-wide goal alignment.

The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts, the Organizational Profile, the Criteria, the Scoring Guidelines, and the results-oriented, cause-effect linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organization’s processes and strategy. These measures tie directly to patient/customer and stakeholder value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralized decision making, or overly complex process management. Measures thereby serve both as a communications tool and as a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralized decision making.

A systems perspective to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four, clearly defined stages:

- (1) planning, including design of processes, selection of measures, and deployment of requirements
- (2) executing plans
- (3) assessing progress and capturing new knowledge, taking into account internal and external results

- (4) revising plans based on assessment findings, learning, new inputs, new requirements, and opportunities for innovation

5. The Criteria support goal-based diagnosis.

The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 19 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions—Process and Results—and the key factors used to assess each dimension. An assessment thus provides a profile of

strengths and opportunities for improvement relative to the 19 performance-oriented requirements and relative to process and performance maturity as determined by the Scoring Guidelines. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described in the shaded box on page 7. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies, management systems, and types of organizations.

CHANGES FROM THE 2005 HEALTH CARE CRITERIA

The Health Care Criteria for Performance Excellence have evolved significantly over time to help organizations address a dynamic environment, focus on strategy-driven performance, and, most recently, address concerns about governance, ethics, and organizational sustainability. The Criteria have continually progressed toward a comprehensive, integrated systems perspective of overall organizational performance management.

Each year, the decision whether to revise the Criteria must balance two important considerations. On one hand, there is a need for Criteria that are at the leading edge of validated management practice to help users address the increasingly complex challenges they face; on the other hand, there is a desire for Criteria that are stable to allow users continuity in their performance assessments. In 2005, the Baldrige Criteria were significantly revised to address the focused demands on senior leaders, the need for long-term (as well as short-term) organizational sustainability, the great challenges of innovating organizations (not just technology), the difficulty of *executing* new processes and strategic plans, and the benefits of improved alignment of all aspects of your management system with your results measurements. Recognizing the challenges for organizations to address these opportunities, the decision was made to make no substantive revisions to the Criteria for 2006.

The most significant changes in the Health Care Criteria booklet for 2006 are summarized as follows:

- Item Notes have been added that specifically address nonprofit health care organizations.
- Each Criteria Item title now includes a simple question that encompasses the central concept of the Item.

Minor wording improvements have been made throughout the Criteria booklet.

Item Notes

Some Item Notes have been modified and some Item Notes have been added to specifically address concepts of importance to nonprofit health care organizations.

Criteria Item Titles

Each Criteria Item title now includes a simple question that addresses the basic requirements of the Item. This question identifies for Criteria users the most central concept or fundamental theme of the Item. Criteria users who have completed their Organizational Profile may choose to perform their first “complete” Baldrige assessment by responding to the 19 Item title questions, using the detailed content of the Criteria Item as an educational guide to understand the central concept more fully.





2006 HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE—ITEM LISTING

P	Preface: Organizational Profile	
	P.1 Organizational Description	
	P.2 Organizational Challenges	
	2006 Categories and Items	Point Values
1	Leadership	120
	1.1 Senior Leadership	70
	1.2 Governance and Social Responsibilities	50
2	Strategic Planning	85
	2.1 Strategy Development	40
	2.2 Strategy Deployment	45
3	Focus on Patients, Other Customers, and Markets	85
	3.1 Patient, Other Customer, and Health Care Market Knowledge	40
	3.2 Patient and Other Customer Relationships and Satisfaction	45
4	Measurement, Analysis, and Knowledge Management	90
	4.1 Measurement, Analysis, and Review of Organizational Performance	45
	4.2 Information and Knowledge Management	45
5	Human Resource Focus	85
	5.1 Work Systems	35
	5.2 Staff Learning and Motivation	25
	5.3 Staff Well-Being and Satisfaction	25
6	Process Management	85
	6.1 Health Care Processes	45
	6.2 Support Processes and Operational Planning	40
7	Results	450
	7.1 Health Care and Service Delivery Outcomes	100
	7.2 Patient- and Other Customer-Focused Outcomes	70
	7.3 Financial and Market Outcomes	70
	7.4 Human Resource Outcomes	70
	7.5 Organizational Effectiveness Outcomes	70
	7.6 Leadership and Social Responsibility Outcomes	70
	TOTAL POINTS	1,000

Note: The Scoring System used with the Criteria Items in a Baldrige assessment can be found on pages 55–58.

Importance of Beginning With Your Organizational Profile

Your Organizational Profile is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in key information and focus on key performance requirements and results;
- it is used by the Examiners and Judges in application review, including the site visit, to understand your organization and what you consider important; and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that the Organizational Profile can serve as your complete assessment, and you can use these topics for action planning.

P Preface: Organizational Profile

The *Organizational Profile* is a snapshot of your organization, the KEY influences on HOW you operate, and the KEY challenges you face.

P.1 Organizational Description: What are your key organizational characteristics?

Describe your organization's PERFORMANCE environment and your KEY relationships with PATIENTS and other CUSTOMERS, suppliers, PARTNERS, and STAKEHOLDERS.

Within your response, include answers to the following questions:

a. Organizational Environment

- (1) What are your organization's main HEALTH CARE SERVICES? What are the delivery mechanisms used to provide your HEALTH CARE SERVICES to your PATIENTS and other CUSTOMERS?
- (2) What is your organizational culture? What are your stated PURPOSE, VISION, MISSION, and VALUES?
- (3) What is your STAFF profile? What are your categories and types of STAFF? What are their educational levels? What are your organization's workforce and job DIVERSITY, organized bargaining units, use of contract and privileged STAFF, and special health and safety requirements?
- (4) What are your major technologies, equipment, and facilities?
- (5) What is the legal and regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; relevant health care industry standards; and environmental and financial regulations relevant to HEALTH CARE SERVICE delivery?

b. Organizational Relationships

- (1) What are your organizational structure and GOVERNANCE system? What are the reporting relationships among your GOVERNANCE board, SENIOR LEADERS, and parent organization, as appropriate?
- (2) What are your KEY PATIENT and other CUSTOMER groups, STAKEHOLDER groups, and health care market SEGMENTS, as appropriate? What are their KEY requirements and expectations for your HEALTH CARE SERVICES and operations? What are the differences in these requirements and expectations among PATIENT, other CUSTOMER, and STAKEHOLDER groups, and health care market SEGMENTS?
- (3) What role do suppliers and PARTNERS play in your KEY support PROCESSES? What role, if any, do they play in your organizational INNOVATION PROCESSES? What are your most important types of suppliers and PARTNERS? What are your most important supply chain requirements?
- (4) What are your KEY supplier and partnering relationships and communication mechanisms?

Notes:

N1. Health care service delivery mechanisms to your patients and other customers (P.1a[1]) might be direct or through contractors, collaborators, or partners.

N2. Many health care organizations rely heavily on volunteers to supplement the work of their staff. These organizations should interpret staff (P.1a[3]) to mean staff and volunteers.

N3. Examples of the legal and regulatory environment under which your organization operates (P.1a[5]) might include the regulations promulgated by the Centers for Medicare and Medicaid Services (CMS), such as the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the State Children's Health Insurance Program (SCHIP). They also might include "industrywide" standards, such as the standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

N4. For some health care organizations, governance and reporting relationships (P.1b[1]) might include relationships with foundation funding sources.

For additional description of this Item, see page 40.

N5. Health care market segments (P.1b[2]) might be based on health care services or features, geography, health care service delivery modes, payors, business volume, population demographics, or other factors that are important to your organization to define related market characteristics.

N6. Requirements for patient, other customer, and stakeholder groups, and health care market segments (P.1b[2]) might include accessibility, continuity of care, electronic communication, and billing requirements.

N7. Key suppliers (P.1b[3,4]) might include collaborators and collaborating organizations.

N8. Communication mechanisms (P.1b[4]) should be two-way and might be in person, via regular mail or e-mail, Web-based, or by telephone. For many organizations, these mechanisms may change as the requirements of the marketplace, patients and other customers, or stakeholders change.

For definitions of key terms presented throughout the Health Care Criteria and Scoring Guidelines text in SMALL CAPS/SANS SERIF, see the Glossary of Key Terms on pages 69–76.

Frequently, several questions are grouped under one number (e.g., P.1a[3]). These questions are related and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

Item notes serve three purposes: (1) to clarify terms or requirements presented in an Item, (2) to give instructions on responding to the Item requirements, and (3) to indicate key linkages to other Items. In all cases, the intent is to help you respond to the Item requirements.

P.2 Organizational Challenges: What are your key organizational challenges?

Describe your organization's competitive environment, your KEY STRATEGIC CHALLENGES, and your system for PERFORMANCE improvement.

Within your response, include answers to the following questions:

a. Competitive Environment

- (1) What is your competitive position? What is your relative size and growth in the health care industry or markets served? What are the numbers and types of competitors and KEY collaborators for your organization?
- (2) What are the principal factors that determine your success relative to your competitors and other organizations delivering similar HEALTH CARE SERVICES? What are any KEY changes taking place that affect your competitive situation, including opportunities for collaboration, as appropriate?
- (3) What are your KEY available sources of comparative and competitive data from within the health care industry? What are your KEY available sources of comparative data for analogous PROCESSES outside the health care industry? What limitations, if any, are there in your ability to obtain these data?

b. STRATEGIC CHALLENGES

What are your KEY HEALTH CARE SERVICE, operational, and human resource STRATEGIC CHALLENGES? What are your KEY STRATEGIC CHALLENGES associated with organizational SUSTAINABILITY?

c. PERFORMANCE Improvement System

How do you maintain an overall organizational focus on PERFORMANCE improvement, including organizational LEARNING? How do you achieve SYSTEMATIC evaluation and improvement of KEY PROCESSES?

Notes:

N1. Principal factors (P.2a[2]) might include differentiators such as technology leadership, accessibility, health care and administrative support services offered, cost, e-services, past reputation for service delivery, and wait times for service.

N2. Strategic challenges (P.2b) might include rapid technological change, disruptive technologies that rapidly revolutionize or make obsolete existing processes or health care services, reduced cycle times for health care service introduction, health care industry volatility, declining health care market share, the changing health care marketplace, mergers and acquisitions, patient and customer loyalty and retention, changing or emerging patient and other customer or

regulatory requirements, staff retention, an aging workforce, or competition from new health care organizations.

N3. Performance improvement (P.2c) is an assessment dimension used in the Scoring System to evaluate the maturity of organizational approaches and deployment (see pages 55–58). This question is intended to help you and the Baldrige Examiners set an overall context for your approach to performance improvement.

N4. Overall approaches to process improvement (P.2c) might include applying Six Sigma methodology, implementing Plan-Do-Study-Act (PDSA) improvement cycles, or employing other process improvement tools.

For additional description of this Item, see pages 40–41.

Page Limit

For Baldrige Award applicants, the Organizational Profile is limited to five pages. These pages are not counted in the overall application page limit. Typing and formatting instructions for the Organizational Profile are the same as for the application. These instructions are given in the *Baldrige Award Application Forms*, which can be downloaded at www.baldrige.nist.gov/Award_Application.htm.

I Leadership (120 pts.)

The **Leadership** Category examines HOW your organization's SENIOR LEADERS guide and sustain your organization. Also examined are your organization's GOVERNANCE and HOW your organization addresses its ethical, legal, and community responsibilities.

I.1 Senior Leadership: How do your senior leaders lead? (70 pts.)

Process

Describe HOW SENIOR LEADERS guide and sustain your organization. Describe HOW SENIOR LEADERS communicate with STAFF and encourage high PERFORMANCE.

Within your response, include answers to the following questions:

a. VISION and VALUES

- (1) How do SENIOR LEADERS set organizational VISION and VALUES? How do SENIOR LEADERS deploy your organization's VISION and VALUES through your LEADERSHIP SYSTEM, to all STAFF, to KEY suppliers and PARTNERS, to PATIENTS and other CUSTOMERS, and to stakeholders, as appropriate? How do their personal actions reflect a commitment to the organization's VALUES?
- (2) How do SENIOR LEADERS promote an environment that fosters and requires legal and ETHICAL BEHAVIOR?
- (3) How do SENIOR LEADERS create a SUSTAINABLE organization? How do SENIOR LEADERS create an environment for PERFORMANCE improvement, accomplishment of your MISSION and STRATEGIC OBJECTIVES, INNOVATION, and organizational agility? How do they create an environment for organizational and STAFF LEARNING? How do they personally participate in succession planning and the development of future organizational leaders?

b. Communication and Organizational PERFORMANCE

- (1) How do SENIOR LEADERS communicate with, empower, and motivate all STAFF throughout the organization? How do SENIOR LEADERS encourage frank, two-way communication throughout the organization? How do SENIOR LEADERS take an active role in STAFF reward and recognition to reinforce high PERFORMANCE and a focus on the organization, as well as on PATIENTS and other CUSTOMERS?
- (2) How do SENIOR LEADERS create a focus on action to accomplish the organization's objectives, improve PERFORMANCE, and attain your VISION? How do SENIOR LEADERS include a focus on creating and balancing VALUE for PATIENTS, other CUSTOMERS, and other STAKEHOLDERS in their organizational PERFORMANCE expectations?

Notes:

N1. Senior leaders include the head of the organization and his or her direct reports. In health care organizations with separate administrative/operational and health care provider leadership, "senior leaders" refers to both sets of leaders and the relationships among those leaders.

N2. Organizational vision (1.1a[1]) should set the context for strategic objectives and action plans, which are described in Items 2.1 and 2.2.

N3. A sustainable organization (1.1a[3]) is capable of addressing current organizational needs and possesses the agility and strategic management to prepare successfully for its future organizational and market environment. In this context, the concept of innovation includes both technological and organizational innovation to succeed in the future.

N4. For health care organizations that rely on volunteers to supplement the work of their staff, responses to 1.1b(1) also should discuss your efforts to communicate with, empower, and motivate the volunteer workforce.

N5. A focus on action (1.1b[2]) considers both the people and the hard assets of the organization. It includes ongoing improvements in productivity that may be achieved through eliminating waste or reducing cycle time, and it might use techniques such as Six Sigma. It also includes the actions to accomplish the organization's strategic objectives.

N6. Your organizational performance results should be reported in Items 7.1–7.6.

Item responses are assessed by considering the Criteria Item requirements; your key organizational factors presented in your Organizational Profile; and the maturity of your approaches, breadth of their deployment, and strength of your improvement process and results relative to the Scoring System. Refer to the Scoring System information on pages 55–58.

For additional description of this Item, see page 41.

1.2 Governance and Social Responsibilities: How do you govern and address your social responsibilities? (50 pts.)

Process

Describe your organization's GOVERNANCE system. Describe how your organization addresses its responsibilities to the public, ensures ETHICAL BEHAVIOR, practices good citizenship, and contributes to the health of the community.

Within your response, include answers to the following questions:

a. Organizational GOVERNANCE

- (1) How does your organization address the following KEY factors in your GOVERNANCE system:
 - accountability for management's actions
 - fiscal accountability
 - transparency in operations and selection and disclosure policies for GOVERNANCE board members, as appropriate
 - independence in internal and external audits
 - protection of STAKEHOLDER and stockholder interests, as appropriate
- (2) How do you evaluate the PERFORMANCE of your SENIOR LEADERS, including both administrative and health care leaders? How do you evaluate the PERFORMANCE of members of the GOVERNANCE board, as appropriate? How do SENIOR LEADERS and the GOVERNANCE board use these PERFORMANCE reviews to improve both their personal leadership EFFECTIVENESS and that of your board and LEADERSHIP SYSTEM, as appropriate?

b. Legal and ETHICAL BEHAVIOR

- (1) How do you address any adverse impacts on society of your HEALTH CARE SERVICES and operations? How do you anticipate public concerns with current and future services, and operations? How do you prepare for these concerns in a proactive manner, including using resource-sustaining PROCESSES, as appropriate? What are your KEY COMPLIANCE PROCESSES, MEASURES, and GOALS for achieving and surpassing regulatory, legal, and accreditation requirements, as appropriate? What are your KEY PROCESSES, MEASURES, and GOALS for addressing risks associated with your HEALTH CARE SERVICES and other organizational operations?
- (2) How does your organization promote and ensure ETHICAL BEHAVIOR in all your interactions? What are your KEY PROCESSES and MEASURES OR INDICATORS for enabling and monitoring ETHICAL BEHAVIOR in your GOVERNANCE structure, throughout your organization, and in interactions with PATIENTS and other CUSTOMERS, stakeholders, and PARTNERS? How do you monitor and respond to breaches of ETHICAL BEHAVIOR?

c. Support of KEY Communities and Community Health

How does your organization actively support and strengthen your KEY communities? How do you identify KEY communities and determine areas of emphasis for organizational involvement and support? What are your KEY communities? How do your SENIOR LEADERS and your STAFF contribute to improving these communities and to building community health?

Notes:

N1. Societal responsibilities in areas critical to your organization's ongoing success also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory and legal compliance (including malpractice) and accreditation, should be reported as Leadership and Social Responsibility Results (Item 7.6).

N2. Transparency in operations (1.2a[1]) should include your internal controls on governance processes. For nonprofit health care organizations that serve as stewards of public funds, stewardship of those funds and transparency in operations are areas of emphasis.

N3. Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance

management reviews (5.1b), and formal or informal staff and other stakeholder feedback and surveys. For some governmental health care organizations, external advisory boards might evaluate the performance of senior leaders and the governance board.

N4. Nonprofit health care organizations should report, as appropriate, how you address the legal and regulatory requirements and standards (1.2b[1]) that govern fundraising and lobbying activities.

N5. Public concerns (1.2b[1]) might include patient safety, cost, equitable and timely access to providers, emergence of new health care threats, and the handling of medical waste.

N6. Ethical behavior (1.2b) includes business, professional, health care practice, and patient rights issues. It also includes public accountability and disclosure of information about your organizational health care performance.

N7. Measures or indicators of ethical behavior (1.2b[2]) might include the percentage of independent board members, measures of relationships with stockholder and nonstockholder constituencies, instances of ethical conduct breaches and responses, survey results on staff perceptions of organizational ethics, ethics hotline use, and results of ethics reviews and audits. They also might include evidence that policies, staff training, and monitoring systems are in place with respect to conflicts of interest and the proper use of funds.

N8. Actions to build community health (1.2c) are population-based services supporting the general

health of your community. Such services might include health education programs, immunization programs, unique health services provided at a financial loss, population-screening programs (e.g., hypertension), safety program sponsorship, and indigent care. You should report the results of community health services in Item 7.6.

N9. In addition to actions to build community health, areas of community support appropriate for inclusion in 1.2c might include your efforts to strengthen local community services and education; the environment; and practices of trade, business, or professional associations.

N10. The health and safety of staff are not addressed in Item 1.2; you should address these staff factors in Item 5.3.

For additional description of this Item, see pages 41–42.

2 Strategic Planning (85 pts.)

The *Strategic Planning* Category examines HOW your organization develops STRATEGIC OBJECTIVES and ACTION PLANS. Also examined are HOW your chosen STRATEGIC OBJECTIVES and ACTION PLANS are deployed and changed if circumstances require, and HOW progress is measured.

2.1 Strategy Development: How do you develop your strategy? (40 pts.)

Process

Describe HOW your organization establishes its strategy and STRATEGIC OBJECTIVES, including HOW you address your STRATEGIC CHALLENGES. Summarize your organization's KEY STRATEGIC OBJECTIVES and their related GOALS.

Within your response, include answers to the following questions:

a. Strategy Development PROCESS

- (1) How does your organization conduct its strategic planning? What are the KEY PROCESS steps? Who are the KEY participants? How does your PROCESS identify potential blind spots? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning PROCESS address these time horizons?
- (2) How do you ensure that strategic planning addresses the KEY factors listed below? How do you collect and analyze relevant data and information pertaining to these factors as part of your strategic planning PROCESS:
 - your organization's strengths, weaknesses, opportunities, and threats
 - early indications of major shifts in technology, health care markets, your competitive or collaborative environment, or the regulatory environment
 - long-term organizational SUSTAINABILITY and organizational continuity in emergencies
 - your ability to execute the strategic plan

b. STRATEGIC OBJECTIVES

- (1) What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?
- (2) How do your STRATEGIC OBJECTIVES address the challenges identified in response to P.2 in your Organizational Profile? How do you ensure that your STRATEGIC OBJECTIVES balance short- and longer-term challenges and opportunities? How do you ensure that your STRATEGIC OBJECTIVES balance the needs of all PATIENTS, other KEY CUSTOMERS, and KEY STAKEHOLDERS?

Notes:

N1. "Strategy development" refers to your organization's approach (formal or informal) to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, or other approaches to envisioning the future for purposes of decision making and resource allocation. Strategy development might involve key suppliers, partners, patients, and other customers.

N2. "Strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new health care services and/or delivery processes and markets; revenue growth via various approaches, including acquisitions, grants, and endowments; new partnerships and alliances; and new staff or volunteer relationships. Strategy might be directed toward becoming a center for clinical and service excellence, a preferred provider, a research leader, or an integrated service provider.

N3. Your organization's strengths, weaknesses, opportunities, and threats (2.1a[2]) should address all factors that are key to your organization's future success, including the following, as appropriate: your patient and other customer and health care market needs, expectations, and opportunities; your culture, policies, and procedures to ensure patient safety and to avoid medical errors; your competitive and collaborative environment and your capabilities relative to competitors and comparable organizations; the life cycle of your health care services; technological and other key innovations or changes that might affect your health care services and how you operate, as well as the rate of that innovation; your staff and other resource needs; your opportunities to redirect resources to higher-priority health care services or areas; financial, societal, ethical, regulatory, technological, and other potential risks; changes in the national or global economy;

partner and supply chain needs, strengths, and weaknesses; and other factors unique to your organization.

N4. Your ability to execute the strategic plan (2.1a[2]) also should address your organizational agility based on contingency plans or if circumstances require a shift in plans and rapid execution of new or changed plans.

N5. Strategic objectives that address key challenges (2.1b[2]) might include access and locations; rapid response; customization; co-location with major partners; specific joint ventures; rapid innovation; Web-based provider, patient, and other customer relationship

management; and health care service quality and enhancements. Responses to Item 2.1 should focus on your specific challenges—those most important to your organizational success and to strengthening your organization's overall performance as a health care provider.

N6. Item 2.1 addresses your overall organizational strategy, which might include changes in health care services and programs. However, the Item does not address service and program design; you should address these factors in Item 6.1, as appropriate.

For additional description of this Item, see page 43.

2.2 Strategy Deployment: How do you deploy your strategy? (45 pts.)

Process

Describe HOW your organization converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarize your organization's ACTION PLANS and related KEY PERFORMANCE MEASURES OR INDICATORS. Project your organization's future PERFORMANCE on these KEY PERFORMANCE MEASURES OR INDICATORS.

Within your response, include answers to the following questions:

a. ACTION PLAN Development and DEPLOYMENT

- (1) How do you develop and deploy ACTION PLANS to achieve your KEY STRATEGIC OBJECTIVES? How do you allocate resources to ensure accomplishment of your ACTION PLANS? How do you ensure that the KEY changes resulting from your ACTION PLANS can be sustained?
- (2) How do you establish and deploy modified ACTION PLANS if circumstances require a shift in plans and rapid execution of new plans?
- (3) What are your KEY short- and longer-term ACTION PLANS? What are the KEY changes, if any, in your HEALTH CARE SERVICES and programs, your CUSTOMERS and markets (including PATIENT populations), and how you will operate?
- (4) What are your KEY human resource plans that derive from your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS?
- (5) What are your KEY PERFORMANCE MEASURES OR INDICATORS for tracking progress on your ACTION PLANS? How do you ensure that your overall ACTION PLAN measurement system reinforces organizational ALIGNMENT? How do you ensure that the measurement system covers all KEY DEPLOYMENT areas and STAKEHOLDERS?

b. PERFORMANCE PROJECTION

For the KEY PERFORMANCE MEASURES OR INDICATORS identified in 2.2a(5), what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning time horizons? How does your projected PERFORMANCE compare with the projected PERFORMANCE of your competitors or comparable organizations providing similar HEALTH CARE SERVICES? How does it compare with KEY BENCHMARKS, GOALS, and past PERFORMANCE, as appropriate? If there are current or projected gaps in PERFORMANCE against your competitors or comparable organizations, HOW will you address them?

Notes:

N1. Strategy and action plan development and deployment are closely linked to other Items in the Criteria. The following are examples of key linkages:

- Item 1.1 for how your senior leaders set and communicate directions;

- Category 3 for gathering patient, other customer, and health care market knowledge as input to your strategy and action plans and for deploying action plans;

- Category 4 for measurement, analysis, and knowledge management to support your key information needs, to support your development of strategy, to provide an effective basis for your performance measurements, and to track progress relative to your strategic objectives and action plans;
- Category 5 for your work system needs and staff education, training, and development needs, and for implementing staff-related changes resulting from action plans;
- Category 6 for process requirements resulting from your action plans; and

- Item 7.6 for specific accomplishments relative to your organizational strategy and action plans.

N2. Deployment of action plans (2.2a[1]) might include key partners, collaborators, and suppliers.

N3. Measures and indicators of projected performance (2.2b) might include changes resulting from new ventures; organizational acquisitions or mergers; health care market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations in health care service delivery and technology.

For additional description of this Item, see pages 43–44.

3 Focus on Patients, Other Customers, and Markets (85 pts.)

The *Focus on PATIENTS, Other CUSTOMERS, and Markets* Category examines HOW your organization determines the requirements, needs, expectations, and preferences of PATIENTS, other CUSTOMERS, and markets. Also examined is HOW your organization builds relationships with PATIENTS and other CUSTOMERS and determines the KEY factors that lead to the acquisition, satisfaction, loyalty, and retention of patients and other customers and to HEALTH CARE SERVICE expansion and SUSTAINABILITY.

3.1 Patient, Other Customer, and Health Care Market Knowledge: How do you use patient, other customer, and health care market knowledge? (40 pts.)

Process

Describe HOW your organization determines requirements, needs, expectations, and preferences of PATIENTS, other CUSTOMERS, and markets to ensure the continuing relevance of your HEALTH CARE SERVICES and to develop new HEALTH CARE SERVICE opportunities.

Within your response, include answers to the following questions:

a. PATIENT, Other CUSTOMER, and Health Care Market Knowledge

- (1) How do you identify PATIENTS, other CUSTOMERS, CUSTOMER groups, and health care market SEGMENTS? How do you determine which PATIENTS, other CUSTOMERS, CUSTOMER groups, and market SEGMENTS to pursue for current and future HEALTH CARE SERVICES? How do you include CUSTOMERS of competitors and other potential CUSTOMERS and markets in this determination?
- (2) How do you listen and learn to determine KEY PATIENT and other CUSTOMER requirements, needs, and changing expectations (including HEALTH CARE SERVICE features) and their relative importance to PATIENTS' and other CUSTOMERS' health care purchasing or relationship decisions? How do your determination methods vary for different PATIENTS, other CUSTOMERS, or CUSTOMER groups? How do you use relevant information and feedback from current and former PATIENTS and other CUSTOMERS, including marketing information, PATIENT and other CUSTOMER loyalty and retention data, win/loss ANALYSIS, and complaint data for PURPOSES of planning HEALTH CARE SERVICES, marketing, making PROCESS improvements, and developing new business opportunities? How do you use this information and feedback to become more PATIENT- and other CUSTOMER-focused and to better satisfy PATIENT and CUSTOMER needs and desires?
- (3) How do you keep your listening and LEARNING methods current with HEALTH CARE SERVICE needs and directions, including changes in your health care marketplace?

Notes:

N1. Patients, as a key customer group, are frequently identified separately in the Criteria. Other customer groups could include patients' families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. Generic references to customers include patients.

N2. Your responses to this Item should include the patients and other customer groups and the market segments identified in P.1b(2).

N3. "Health care service features" (3.1a[2]) refers to all the important characteristics of your health care services that patients and other customers receive. This includes all customers' interactions with you and their service experiences. The focus should be on features that affect customer health care-related preference and loyalty and the customers' view of clinical and service quality—for example, those features that

differentiate your organization's services from other providers offering similar services. Beyond specific health care provisions leading to desired health care outcomes, those features might include factors such as extended hours, family support services, cost, timeliness and ease of use of your services, assistance with billing/paperwork processes, and transportation assistance. Key health care service features and purchasing or relationship decisions (3.1a[2]) might take into account how transactions occur and factors such as confidentiality and security.

N4. The determination of health care service features and their relative importance (3.1a[2]) should take into account the potentially differing expectations of patients and other customers.

N5. Listening and learning (3.1a[2]) might include gathering and integrating survey data, focus group findings, Web-based data, and other data and

information that affect health care purchasing and relationship decisions. Keeping your listening and learning methods current with health care service

needs and directions (3.1a[3]) also might include use of newer technology, such as Web-based data gathering.

For additional description of this Item, see pages 44–45.

3.2 Patient and Other Customer Relationships and Satisfaction: How do you build relationships and grow customer satisfaction and loyalty? (45 pts.)

Process

Describe HOW your organization builds relationships to acquire, satisfy, and retain PATIENTS and other CUSTOMERS and to increase customer loyalty. Describe also HOW your organization determines PATIENT and other CUSTOMER satisfaction.

Within your response, include answers to the following questions:

a. PATIENT and Other CUSTOMER Relationship Building

- (1) How do you build relationships to acquire PATIENTS and other CUSTOMERS, to meet and exceed their expectations, to increase loyalty and secure their future interactions with your organization, and to gain positive referrals?
- (2) How do your KEY access mechanisms enable PATIENTS and other CUSTOMERS to seek information, obtain services, and make complaints? What are your KEY access mechanisms? How do you determine KEY contact requirements for each mode of PATIENT and other CUSTOMER access? How do you ensure that these contact requirements are deployed to all people and PROCESSES involved in the CUSTOMER response chain?
- (3) How do you manage PATIENT and other CUSTOMER complaints? How do you ensure that complaints are resolved EFFECTIVELY and promptly? How do you minimize PATIENT and other CUSTOMER dissatisfaction to secure future interactions? How are complaints aggregated and analyzed for use in improvement throughout your organization and by your PARTNERS?
- (4) How do you keep your APPROACHES to building relationships and providing PATIENT and other CUSTOMER access current with HEALTH CARE SERVICE needs and directions?

b. PATIENT and Other CUSTOMER Satisfaction Determination

- (1) How do you determine PATIENT and other CUSTOMER satisfaction and dissatisfaction? How do these determination methods differ among PATIENT and other CUSTOMER groups? How do you ensure that your measurements capture actionable information for use in securing your PATIENTS' and other CUSTOMERS' future interactions with your organization, and gaining positive referrals, as appropriate? How do you use PATIENT and other CUSTOMER satisfaction and dissatisfaction information for improvement?
- (2) How do you follow up with PATIENTS and other CUSTOMERS on the quality of HEALTH CARE SERVICES and transactions to receive prompt and actionable feedback?
- (3) How do you obtain and use information on PATIENTS' and other CUSTOMERS' satisfaction relative to their satisfaction with your competitors, other organizations providing similar HEALTH CARE SERVICES, and/or health care industry BENCHMARKS?
- (4) How do you keep your APPROACHES to determining satisfaction current with HEALTH CARE SERVICE needs and directions?

Notes:

N1. Customer relationship building (3.2a) might include the development of partnerships or alliances with customers.

N2. Determining patient and other customer satisfaction and dissatisfaction (3.2b) might include use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints,

win/loss analysis, and information on timeliness of service delivery. Information might be gathered on the Internet, through personal contact or a third party, or by mail.

N3. Patient and other customer satisfaction measurements (3.2b[1]) might include both a numerical rating scale and descriptors for each unit in the scale.

Actionable satisfaction measurements provide useful information about specific service features, delivery, relationships, and transactions that affect the customers' future actions—choice of health care provider and positive referral.

N4. Other organizations providing similar health care services (3.2b[3]) might include other organizations

For additional description of this Item, see page 45.

with which you don't compete but which provide services in different geographic areas or to different populations of people.

N5. Your patient and other customer satisfaction and dissatisfaction results should be reported in Item 7.2.

4 Measurement, Analysis, and Knowledge Management (90 pts.)

The *Measurement, ANALYSIS, and Knowledge Management* Category examines HOW your organization selects, gathers, analyzes, manages, and improves its data, information, and KNOWLEDGE ASSETS. Also examined is HOW your organization reviews its PERFORMANCE.

4.1 Measurement, Analysis, and Review of Organizational Performance: How do you measure, analyze, and review organizational performance? (45 pts.)

Process

Describe HOW your organization measures, analyzes, aligns, reviews, and improves its PERFORMANCE as a health care provider at all LEVELS and in all parts of your organization.

Within your response, include answers to the following questions:

a. PERFORMANCE Measurement

- (1) How do you select, collect, align, and integrate data and information for tracking daily operations and for tracking overall organizational PERFORMANCE, including progress relative to STRATEGIC OBJECTIVES and ACTION PLANS? What are your KEY organizational PERFORMANCE MEASURES? How do you use these data and information to support organizational decision making and INNOVATION as a health care provider?
- (2) How do you select and ensure the EFFECTIVE use of KEY comparative data and information to support operational and strategic decision making and INNOVATION?
- (3) How do you keep your PERFORMANCE measurement system current with HEALTH CARE SERVICE needs and directions? How do you ensure that your PERFORMANCE measurement system is sensitive to rapid or unexpected organizational or external changes?

b. PERFORMANCE ANALYSIS and Review

- (1) How do you review organizational PERFORMANCE and capabilities? How do YOUR SENIOR LEADERS participate in these reviews? What ANALYSES do you perform to support these reviews and to ensure that conclusions are valid? How do you use these reviews to assess organizational success, competitive PERFORMANCE, and progress relative to STRATEGIC OBJECTIVES and ACTION PLANS? How do you use these reviews to assess your organization's ability to rapidly respond to changing organizational needs and challenges in your operating environment?
- (2) How do you translate organizational PERFORMANCE review findings into priorities for continuous and breakthrough improvement and into opportunities for INNOVATION? How are these priorities and opportunities deployed to work group- and functional-level operations throughout your organization to enable EFFECTIVE support for their decision making? When appropriate, HOW are the priorities and opportunities deployed to your suppliers, PARTNERS, and collaborators to ensure organizational ALIGNMENT?

Notes:

N1. Performance measurement is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, and whole organization levels.

N2. Comparative data and information (4.1a[2]) are obtained by benchmarking and by seeking competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside the health care industry. Competitive comparisons relate your organization's performance to that of competitors and other organizations providing similar health care services. Comparative data might include data from similar organizations and health care industry benchmarks. Such data might be derived from surveys,

published and public studies, participation in indicator programs, or other sources. These data may be drawn from local or national sources.

N3. Organizational performance reviews (4.1b[1]) should be informed by organizational performance measurement and guided by the strategic objectives and action plans described in Items 2.1 and 2.2. The reviews also might be informed by internal or external Baldrige assessments.

N4. Analysis includes examining trends; organizational, health care industry, and technology projections; and comparisons, cause-effect relationships, and correlations intended to support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, analysis draws on all types of data: patient- and other customer-related, health

care outcomes, financial and market, operational, and competitive/comparative.

N5. The results of organizational performance analysis and review should contribute to your organizational strategic planning in Category 2.

N6. Your organizational performance results should be reported in Items 7.1–7.6.

For additional description of this Item, see pages 45–47.

4.2 Information and Knowledge Management: How do you manage organizational information and knowledge? (45 pts.)

Process

Describe HOW your organization ensures the quality and availability of needed data and information for STAFF, suppliers, PARTNERS, collaborators, and PATIENTS and other CUSTOMERS. Describe HOW your organization builds and manages its KNOWLEDGE ASSETS.

Within your response, include answers to the following questions:

a. Data and Information Availability

- (1) How do you make needed data and information available? How do you make them accessible to STAFF, suppliers and PARTNERS, and PATIENTS and other CUSTOMERS, as appropriate?
- (2) How do you ensure that hardware and software are reliable, secure, and user-friendly?
- (3) How do you ensure the continued availability of data and information, including the availability of hardware and software systems, in the event of an emergency?
- (4) How do you keep your data and information availability mechanisms, including your software and hardware systems, current with HEALTH CARE SERVICE needs and directions and with technological changes in your operating environment?

b. Organizational Knowledge Management

How do you manage organizational knowledge to accomplish the following:

- the collection and transfer of STAFF knowledge
- the transfer of relevant knowledge from and to PATIENTS and other CUSTOMERS, suppliers, PARTNERS, and collaborators
- the rapid identification, sharing, and implementation of best practices

c. Data, Information, and Knowledge Quality

How do you ensure the following properties of your data, information, and organizational knowledge:

- accuracy
- integrity and reliability
- timeliness
- security and confidentiality

Notes:

N1. Data and information availability (4.2a) are of growing importance as the Internet, electronic communication and information transfer, and e-business are used increasingly for provider, provider-to-patient/customer, business-to-business, and organization-to-organization interactions and as intranets become more important as a major source of organization-wide communications.

N2. Data and information access (4.2a[1]) might be via electronic or other means.

N3. Given the increase in availability of data and information, your organization's efforts to ensure the quality of your data, information, and knowledge are of growing importance. Of particular concern to health care organizations is the need to ensure the confidentiality of patient records.

For additional description of this Item, see pages 47–48.

5 Human Resource Focus (85 pts.)

The *Human Resource Focus* Category examines HOW your organization's WORK SYSTEMS and your STAFF LEARNING and motivation enable all STAFF to develop and utilize their full potential in ALIGNMENT with your organization's overall objectives, strategy, and ACTION PLANS. Also examined are your organization's efforts to build and maintain a work environment and STAFF support climate conducive to PERFORMANCE EXCELLENCE and to personal and organizational growth.

5.1 Work Systems: How do you enable staff to accomplish the work of your organization? (35 pts.)

Process

Describe HOW your organization's work and jobs enable all STAFF and the organization to achieve HIGH PERFORMANCE. Describe HOW compensation, career progression, and related workforce practices enable STAFF and the organization to achieve HIGH PERFORMANCE.

Within your response, include answers to the following questions:

a. Organization and Management of Work

- (1) How do you organize and manage work and jobs, including skills, to promote cooperation, initiative, EMPOWERMENT, INNOVATION, and your organizational culture? How do you organize and manage work and jobs, including skills, to achieve the agility to keep current with HEALTH CARE SERVICE needs and to achieve your ACTION PLANS?
- (2) How do your WORK SYSTEMS capitalize on the diverse ideas, cultures, and thinking of your STAFF and the communities with which you interact (your STAFF recruitment and your PATIENT and other CUSTOMER communities)?
- (3) How do you achieve EFFECTIVE communication and skill sharing across health care professions, departments and work units, jobs, and locations?

b. STAFF PERFORMANCE Management System

How does your STAFF PERFORMANCE management system, including feedback to STAFF, support HIGH-PERFORMANCE WORK and contribute to the achievement of your ACTION PLANS? How does your STAFF PERFORMANCE management system support a PATIENT and other CUSTOMER and HEALTH CARE SERVICE focus? How do your compensation, recognition, and related reward and incentive practices reinforce HIGH-PERFORMANCE WORK and a PATIENT and other CUSTOMER and HEALTH CARE SERVICE focus?

c. Recruitment and Career Progression

- (1) How do you identify characteristics and skills needed by potential STAFF?
- (2) How do you recruit, hire, and retain new STAFF? How do you ensure STAFF members represent the diverse ideas, cultures, and thinking of your recruitment community?
- (3) How do you accomplish EFFECTIVE succession planning for leadership and management positions, including senior administrative/operational and health care leadership positions, as appropriate? How do you manage EFFECTIVE career progression for all STAFF throughout the organization?

Notes:

N1. "Staff" refers to all people who contribute to the delivery of your organization's services, including paid staff (e.g., permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary). Staff includes team leaders, supervisors, and managers at all levels. Contract employees supervised by a contractor should be addressed in Category 6.

N2. "Your organization's work" refers to how your staff are organized or organize themselves in formal and informal, temporary, or longer-term units. This might include work teams, process teams, project teams, patient/customer action teams, problem-solving teams, centers of excellence, functional units, remote workers (e.g., at home), cross-functional teams, and departments—self-managed or managed by supervisors.

"Jobs" refers to responsibilities, authorities, and tasks of individuals. In some work systems, jobs might be shared by a team.

N3. “Recruitment” refers to how potential staff are hired and brought into the organization. This includes paid staff, privileged staff, and volunteers.

N4. Compensation, recognition, and related reward and incentive practices (5.1b) include promotions and bonuses that might be based on performance, skills

acquired, and other factors. Recognition includes monetary and nonmonetary, formal and informal, and individual and group mechanisms. Recognition systems for volunteers and independent practitioners who contribute to the work of the organization should be included, as appropriate.

For additional description of this Item, see page 48.

5.2 Staff Learning and Motivation: How do you contribute to staff learning and motivate staff? (25 pts.)

Process

Describe HOW your organization’s STAFF education, training, and career development support the achievement of your overall objectives and contribute to HIGH PERFORMANCE. Describe HOW your organization’s education, training, and career development build STAFF knowledge, skills, and capabilities.

Within your response, include answers to the following questions:

a. STAFF Education, Training, and Development

- (1) HOW do STAFF education and training contribute to the achievement of your ACTION PLANS? HOW do your STAFF education, training, and development address your KEY needs associated with organizational PERFORMANCE measurement, PERFORMANCE improvement, and technological change? HOW does your education and training APPROACH balance short- and longer-term organizational objectives with STAFF needs (including licensure and recredentialing requirements) for development, ongoing LEARNING, and career progression?
- (2) HOW do STAFF education, training, and development address your KEY organizational needs associated with new STAFF orientation, DIVERSITY, ethical health care and business practices, and management and leadership development? HOW do STAFF education, training, and development address your KEY organizational needs associated with STAFF, workplace, and environmental safety?
- (3) HOW do you seek and use input from STAFF and their supervisors and managers on education, training, and development needs? HOW do you incorporate your organizational LEARNING and KNOWLEDGE ASSETS into your education and training?
- (4) HOW do you deliver education and training? HOW do you seek and use input from STAFF and their supervisors and managers in determining your delivery APPROACHES? HOW do you use both formal and informal delivery APPROACHES, including mentoring and other APPROACHES, as appropriate?
- (5) HOW do you reinforce the use of new knowledge and skills on the job and retain this knowledge for long-term organizational use? HOW do you SYSTEMATICALLY transfer knowledge from departing or retiring staff?
- (6) HOW do you evaluate the EFFECTIVENESS of education and training, taking into account individual and organizational PERFORMANCE?

b. Motivation and Career Development

HOW do you motivate STAFF to develop and utilize their full potential? HOW does your organization use formal and informal mechanisms to help STAFF attain job- and career-related development and LEARNING objectives? HOW do managers and supervisors help STAFF attain job- and career-related development and LEARNING objectives?

Note:

Education and training delivery (5.2a[4]) might occur inside or outside your organization and involve

on-the-job, classroom, computer-based, distance learning, or other types of delivery (formal or informal).

For additional description of this Item, see page 49.

5.3 Staff Well-Being and Satisfaction: How do you contribute to staff well-being and grow staff satisfaction? (25 pts.)

Process

Describe how your organization maintains a work environment and staff support climate that contribute to the well-being, satisfaction, and motivation of all staff.

Within your response, include answers to the following questions:

a. Work Environment

- (1) How do you ensure and improve workplace health, safety, security, and ergonomics in a proactive manner? How do staff take part in these improvement efforts? What are your performance measures or improvement goals for each of these key workplace factors? What are the significant differences in these workplace factors and performance measures or targets if different staff groups and work units have different work environments?
- (2) How do you ensure workplace preparedness for disasters or emergencies?

b. Staff Support and Satisfaction

- (1) How do you determine the key factors that affect staff well-being, satisfaction, and motivation? How are these factors segmented for a diverse workforce and for different categories and types of staff?
- (2) How do you support your staff via services, benefits, and policies? How are these tailored to the needs of a diverse workforce and different categories and types of staff?
- (3) What formal and informal assessment methods and measures do you use to determine staff well-being, satisfaction, and motivation? How do these methods and measures differ across a diverse workforce and different categories and types of staff? How do you use other indicators, such as staff retention, absenteeism, grievances, safety, and productivity, to assess and improve staff well-being, satisfaction, and motivation?
- (4) How do you relate assessment findings to key organizational performance results to identify priorities for improving the work environment and staff support climate?

Notes:

N1. Specific factors that might affect your staff's well-being, satisfaction, and motivation (5.3b[1]) include effective staff problem or grievance resolution; safety factors; staff's views of management; staff training, development, and career opportunities; staff preparation for changes in technology or the work organization; the work environment and other work conditions; management's empowerment of staff; information sharing by management; workload; cooperation and teamwork; recognition; services and benefits; communications; job security; compensation; and equal opportunity.

N2. Approaches for staff support (5.3b[2]) might include providing counseling, career development and employability services, recreational or cultural activities, nonwork-related education, day care, job rotation or sharing, special leave for family responsibilities or community service, home safety training, flexible work hours and location, outplacement, and retirement benefits (including extended health care).

N3. Measures and indicators of well-being, satisfaction, and motivation (5.3b[3]) might include data on safety and absenteeism; the overall turnover rate; the turnover rate for patient/customer contact staff; staff's charitable contributions; grievances, strikes, other job actions; insurance costs; workers' compensation claims; and results of surveys. Survey indicators of satisfaction might include staff knowledge of job roles, staff knowledge of organizational direction, and staff perception of empowerment and information sharing. Your results relative to such measures and indicators should be reported in Item 7.4.

N4. Identifying priorities (5.3b[4]) might draw on your human resource results presented in Item 7.4 and might involve addressing staff problems based on their impact on your organizational performance results.

For additional description of this Item, see pages 49–50.

6 Process Management (85 pts.)

The **PROCESS Management** Category examines the KEY aspects of your organization's PROCESS management, including KEY health care, business, and other support PROCESSES for CREATING VALUE for PATIENTS, other CUSTOMERS, and the organization. This Category encompasses all KEY PROCESSES and all departments and work units.

6.1 Health Care Processes: How do you identify and manage your key health care processes? (45 pts.)

Process

Describe HOW your organization identifies and manages its KEY PROCESSES for delivering HEALTH CARE SERVICES.

Within your response, include answers to the following questions:

a. Health Care PROCESSES

- (1) HOW does your organization determine its KEY HEALTH CARE SERVICES and service delivery PROCESSES? What are your organization's KEY health care PROCESSES? How do these PROCESSES contribute to improved HEALTH CARE SERVICE outcomes?
- (2) HOW do you determine KEY health care PROCESS requirements, incorporating input from PATIENTS and other CUSTOMERS, suppliers, PARTNERS, and collaborators, as appropriate? What are the KEY requirements for these PROCESSES?
- (3) HOW do you design these PROCESSES to meet all the KEY requirements, including PATIENT safety, regulatory, accreditation, and payor requirements? HOW do you incorporate new technology, organizational knowledge, and the potential need for agility into the design of these PROCESSES? HOW do you incorporate health care outcomes, CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and EFFECTIVENESS factors into the design of these PROCESSES? HOW do you implement these PROCESSES to ensure they meet design requirements?
- (4) HOW are PATIENTS' expectations addressed and considered? HOW are HEALTH CARE SERVICE delivery PROCESSES and likely outcomes explained to set realistic PATIENT expectations? HOW are PATIENT decision making and PATIENT preferences factored into the delivery of HEALTH CARE SERVICES?
- (5) What are your KEY PERFORMANCE assessments and MEASURES OF INDICATORS used for the control and improvement of your health care PROCESSES? HOW does your day-to-day operation of your health care PROCESSES ensure meeting KEY PROCESS requirements, including PATIENT safety, regulatory, accreditation, and payor requirements? HOW are in-process MEASURES used in managing these PROCESSES? HOW is PATIENT and other CUSTOMER, supplier, PARTNER, and collaborator input used in managing your health care PROCESSES, as appropriate?
- (6) HOW do you minimize overall costs associated with inspections, tests, and PROCESS OR PERFORMANCE audits, as appropriate? HOW do you prevent errors and rework?
- (7) HOW do you improve your health care PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve HEALTH CARE SERVICES and health care outcomes, and to keep them current with HEALTH CARE SERVICE needs and directions? HOW are improvements and lessons learned shared with other organizational units and PROCESSES to drive organizational LEARNING and INNOVATION?

Notes:

N1. "Health care processes" refers to patient and community service processes for the purpose of prevention, maintenance, health promotion, screening, diagnosis, treatment/therapy, rehabilitation, recovery, palliative care, or supportive care. This includes services delivered to patients through other providers (e.g., laboratory or radiology studies). Responses to Item 6.1 should be based on the most critical requirements for successful delivery of your services.

N2. Key processes for the conduct of health care research and/or a teaching mission should be reported in either Item 6.1 or 6.2, as appropriate to your organization's mission.

N3. Process requirements should include all appropriate components of health care service delivery. In a group practice, this might be the making of appointments, presentation, evaluation of risk factors, health

education, and appointment closures. Depending on the health care service, this might include a significant focus on technology and patient-specific considerations.

N4. To achieve better process performance and reduce variability, you might implement approaches such as the PDSA process, Six Sigma methodology, or other process improvement tools.

N5. To provide as complete and concise a response as possible for your key health care processes, you might want to use a tabular format identifying the key processes and the attributes of each as called for in questions 6.1a(1)–6.1a(7). Depending on the structure of your health care staff, your response to Item 6.1

might deal with some aspects of health care provider services if there is a customer-supplier relationship. Health care staff should still be addressed in Item 1.1 and Category 5.

N6. Performance measures and indicators (6.1a[5]) should address health care outcomes, patient and other customer requirements, and health care service features that affect patient and other customer preferences.

N7. The results of improvements in health care outcomes and health care service performance should be reported in Item 7.1. All other process performance results should be reported in Item 7.5.

For additional description of this Item, see pages 50–51.

6.2 Support Processes and Operational Planning: How do you identify and manage your support processes and accomplish operational planning? (40 pts.)

Process

Describe how your organization manages its key business and other support processes. Describe your processes for financial management and continuity of operations in an emergency.

Within your response, include answers to the following questions:

a. Business and Other Support Processes

- (1) How does your organization determine its key business and other support processes? What are your key processes for supporting your health care processes?
- (2) How do you determine key support process requirements, incorporating input from internal and external customers, suppliers, partners, and collaborators, as appropriate? What are the key requirements for these processes?
- (3) How do you design these processes to meet all the key requirements? How do you incorporate new technology, organizational knowledge, and the potential need for agility into the design of these processes? How do you incorporate cycle time, productivity, cost control, and other efficiency and effectiveness factors into the design of the processes? How do you implement these processes to ensure they meet design requirements?
- (4) What are your key performance measures or indicators used for the control and improvement of your support processes? How does your day-to-day operation of key support processes ensure meeting key performance requirements? How are in-process measures used in managing these processes? How is patient and other customer, supplier, partner, and collaborator input used in managing these processes, as appropriate?
- (5) How do you minimize overall costs associated with inspections, tests, and process or performance audits, as appropriate? How do you prevent errors and rework?
- (6) How do you improve your key business and support processes to achieve better performance, to reduce variability, and to keep the processes current with health care service needs and directions? How are improvements and lessons learned shared with other organizational units and processes to drive organizational learning and innovation?

b. Operational Planning

- (1) How does your organization ensure adequate financial resources are available to support your operations? How do you determine the resources needed to meet current financial obligations? How do you ensure adequate resources are available to support major new business investments, as appropriate? How do you assess the financial risks associated with your current business operations and major new business investments?
- (2) How do you ensure continuity of operations in the event of an emergency?

Notes:

N1. Your key business processes (6.2a) are those non-health care service processes that are considered most important to business growth and success by your organization's senior leaders. These might include processes for innovation, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, project management, and sales and marketing. The key business processes to be included in Item 6.2 are distinctive to your organization and how you operate.

N2. Your other key support processes are those that are considered most important for support of your

organization's health care service design and delivery processes, staff, and daily operations. These might include key patient support processes (e.g., house-keeping and medical records) and key administrative support processes (e.g., facilities management, legal, human resource, and project management).

N3. An emergency (6.2b[2]) might be weather-related, utility-related, or due to a local or national emergency.

N4. Your financial management results should be reported in Item 7.3. Other results related to your key business and support processes and operational planning should be reported in Item 7.5.

For additional description of this Item, see pages 51–52.

7 Results (450 pts.)

The **RESULTS** Category examines your organization's PERFORMANCE and improvement in all KEY areas—health care and service delivery, PATIENT and other CUSTOMER satisfaction, financial and marketplace PERFORMANCE, human resource outcomes, operational PERFORMANCE, and leadership and social responsibility. PERFORMANCE LEVELS are examined relative to those of competitors and other organizations providing similar HEALTH CARE SERVICES.

7.1 Health Care and Service Delivery Outcomes: What are your health care and service delivery results? (100 pts.)

Results

Summarize your organization's KEY health care PERFORMANCE RESULTS. SEGMENT YOUR RESULTS by patient and other CUSTOMER groups and market SEGMENTS, as appropriate. Include appropriate comparative data. Indicate those MEASURES that are mandated by regulatory, accreditor, or payor requirements.

Provide data and information to answer the following questions:

a. Health Care RESULTS

What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of health care outcomes, HEALTH CARE SERVICE delivery RESULTS, PATIENT safety, and PATIENTS' functional status that are important to your PATIENTS and other CUSTOMERS? How do these RESULTS compare with the PERFORMANCE of your competitors and other organizations providing similar HEALTH CARE SERVICES?

Notes:

N1. Health care results reported in this Item should include the key health care service features identified as patient and other customer requirements or expectations in P.1b(2), based on information gathered in Items 3.1 and 3.2. The measures or indicators should address factors that affect patient and other customer

preference, such as those included in Item P.1, Note 3, and Item 3.1, Note 3.

N2. Key health care results should be tailored to your organization and might include both mandated and nonmandated results.

For additional description of this Item, see pages 52–53.

7.2 Patient- and Other Customer-Focused Outcomes: What are your patient- and other customer-focused performance results? (70 pts.)

Results

Summarize your organization's KEY PATIENT- and other CUSTOMER-focused RESULTS, including PATIENT/CUSTOMER satisfaction and PATIENT/CUSTOMER-perceived VALUE. SEGMENT your RESULTS by program or service types or groups, CUSTOMER groups, and market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. PATIENT- and Other CUSTOMER-Focused RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of PATIENT and other CUSTOMER satisfaction and dissatisfaction? How do these RESULTS compare with the customer satisfaction levels of your competitors and other organizations providing similar HEALTH CARE SERVICES?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of PATIENT- and other CUSTOMER-perceived VALUE, including PATIENT and other CUSTOMER loyalty and retention, positive referral, and other aspects of building relationships with PATIENTS and other CUSTOMERS, as appropriate?

Notes:

N1. Patient and other customer satisfaction and dissatisfaction results reported in this Item should relate to the patient and other customer groups and market segments discussed in P.1(b)2 and Item 3.1 and to the determination methods and data described in Item 3.2.

N2. There may be several different dimensions of patient satisfaction, such as satisfaction with quality of care, satisfaction with provider interaction, satisfaction

with the long-term health outcomes, and satisfaction with ancillary services. All of these areas are appropriate satisfaction indicators.

N3. Measures and indicators of your patients' and other customers' satisfaction relative to satisfaction with your services with competitors or other organizations providing similar health care services (7.2a[1]) might include objective information and data from your customers and from independent organizations.

For additional description of this Item, see page 53.

7.3 Financial and Market Outcomes: What are your financial and market results? (70 pts.)

Results

Summarize your organization's KEY financial and health care marketplace PERFORMANCE RESULTS by patient or other CUSTOMER or market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Financial and Market RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return and economic VALUE or budgetary MEASURES, as appropriate?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of health care marketplace PERFORMANCE, including market share or position, growth, and new markets entered, as appropriate?

Note:

Responses to 7.3a(1) might include aggregate measures such as return on investment (ROI), asset utilization, operating margins, profitability, profitability by market or customer segment, liquidity, debt-to-equity ratio, value added per staff member, bond ratings (if appropriate), and financial activity measures. Measures

should relate to the financial management approaches described in Item 6.2. For nonprofit health care organizations, additional measures might include performance to budget, reserve funds, and the amount of charitable contributions.

For additional description of this Item, see page 53.

7.4 Human Resource Outcomes: What are your human resource results? (70 pts.)

Results

Summarize your organization's KEY human resource RESULTS, including WORK SYSTEM PERFORMANCE and STAFF LEARNING, development, well-being, and satisfaction. SEGMENT your RESULTS to address the DIVERSITY of your workforce and the different types and categories of STAFF, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Human Resource RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of WORK SYSTEM PERFORMANCE and EFFECTIVENESS?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES of STAFF LEARNING and development?
- (3) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of STAFF well-being, satisfaction, and dissatisfaction?

Notes:

N1. Results reported in this Item should relate to activities described in Category 5. Your results should be responsive to key process needs described in Category 6 and to your organization's action plans and human resource plans described in Item 2.2.

N2. Appropriate measures and indicators of work system performance and effectiveness (7.4a[1]) might include simplification of jobs and job classifications, job rotation, work layout improvement, staff retention and internal promotion rates, and changing supervisory ratios.

N3. Appropriate measures and indicators of staff learning and development (7.4a[2]) might include innovation and suggestion rates, courses completed, learning, on-the-job performance improvements, credentialing, and cross-training rates.

N4. For appropriate measures of staff well-being and satisfaction (7.4a[3]), see Item 5.3 Notes.

N5. Results for paid staff, independent practitioners, volunteers, and health profession students should be included, as appropriate.

For additional description of this Item, see pages 53–54.

7.5 Organizational Effectiveness Outcomes: What are your organizational effectiveness results? (70 pts.)

Results

Summarize your organization's KEY operational PERFORMANCE RESULTS that contribute to the improvement of organizational EFFECTIVENESS. SEGMENT your RESULTS by HEALTH CARE SERVICE types and groups and by market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Organizational EFFECTIVENESS RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY health care PROCESSES? Include PRODUCTIVITY, CYCLE TIME, supplier and PARTNER PERFORMANCE, and other appropriate MEASURES of EFFECTIVENESS and efficiency.
- (2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your other KEY PROCESSES? Include PRODUCTIVITY, CYCLE TIME, supplier and PARTNER PERFORMANCE, and other appropriate MEASURES of EFFECTIVENESS and efficiency.

Notes:

N1. Results reported in Item 7.5 should address your key operational requirements as presented in the Organizational Profile and in Items 6.1 and 6.2. Include results not reported in Items 7.1–7.4.

N2. Results reported in Item 7.5 should provide key information for analysis and review of your

organizational performance (Item 4.1) and should provide the operational basis for health care and service delivery outcomes (Item 7.1), patient- and other customer-focused outcomes (Item 7.2), and financial and market outcomes (Item 7.3).

For additional description of this Item, see page 54.

7.6 Leadership and Social Responsibility Outcomes: What are your leadership and social responsibility results? (70 pts.)

Results

Summarize your organization's KEY GOVERNANCE, SENIOR LEADERSHIP, and social responsibility RESULTS, including evidence of ETHICAL BEHAVIOR, fiscal accountability, legal compliance, and organizational citizenship. SEGMENT your RESULTS by organizational units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Leadership and Social Responsibility RESULTS

- (1) What are your RESULTS for KEY MEASURES OR INDICATORS of accomplishment of your organizational strategy and ACTION PLANS?
- (2) What are your RESULTS for KEY MEASURES OR INDICATORS of ETHICAL BEHAVIOR and of STAKEHOLDER trust in the SENIOR LEADERS and GOVERNANCE of your organization? What are your RESULTS for KEY MEASURES OR INDICATORS of breaches of ETHICAL BEHAVIOR?
- (3) What are your KEY current findings and TRENDS in KEY MEASURES OR INDICATORS of fiscal accountability, both internal and external, as appropriate?
- (4) What are your RESULTS for KEY MEASURES OR INDICATORS of organizational accreditation, assessment, and regulatory and legal compliance?
- (5) What are your RESULTS for KEY MEASURES OR INDICATORS of organizational citizenship in support of your KEY communities, including contributions to the health of your community?

Notes:

N1. For examples of measures of ethical behavior and stakeholder trust (7.6a[2]), see Item 1.2, Note 6.

N2. Responses to 7.6a(3) might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters. For some nonprofit health care organizations, results of IRS 990 audits also might be included.

N3. Accreditation, assessment, and regulatory and legal compliance results (7.6a[4]) should address requirements described in 1.2b. If your organization has

received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past three years, briefly describe the incident(s) and current status. If settlements have been negotiated in lieu of potential sanctions or adverse actions, give explanations. Staff related occupational health and safety results (e.g., Occupational Safety and Health Administration [OSHA]-reportable incidents) should be reported in 7.4a(3).

N4. Organizational citizenship and community health results (7.6a[5]) should address support of the key communities discussed in 1.2c.

For additional description of this Item, see page 54.



BALDRIGE APPLICATION SELF-ANALYSIS WORKSHEET (OPTIONAL)

(not to be submitted with your Baldrige application)

While insights gained from external Examiners or reviewers are always helpful, you know your organization better than they will. You are currently in an excellent position to identify your organization's key strengths and key opportunities for improvement (OFIs). Having just completed your responses to the Baldrige Criteria questions, you can accelerate your improvement journey by doing a self-analysis.

Use this optional worksheet to list your key strengths and key OFIs. Start by identifying one or two strengths and one or two OFIs for each Criteria Category. For those of high importance, establish a goal and a plan of action.

An electronic copy of this worksheet is available in Microsoft Word format at www.baldrige.nist.gov/Word_files/Optional_Worksheet_HC.doc.

Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Stretch (Strength) or Improvement (OFI) Goal	What Action Is Planned?	By When?	Who Is Responsible?
Category 1—Leadership					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					
Category 2—Strategic Planning					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					
Category 3—Focus on Patients, Other Customers, and Markets					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					

Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Stretch (Strength) or Improvement (OFI) Goal	What Action Is Planned?	By When?	Who Is Responsible?
Category 4—Measurement, Analysis, and Knowledge Management					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					
Category 5—Human Resource Focus					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					
Category 6—Process Management					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					
Category 7—Results					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					

2006 HEALTH CARE CRITERIA: CATEGORY AND ITEM DESCRIPTIONS

Preface: Organizational Profile

The Organizational Profile provides an overview of your organization. The profile addresses your operating environment, your key organizational relationships, your competitive and collaborative environment and strategic challenges, and your approach to performance improvement. Your Organizational Profile provides a context for understanding your organization and for guiding and prioritizing the information you present in response to the Criteria Items in Categories 1–7.

P.1 Organizational Description: What are your key organizational characteristics?

Purpose

This Item addresses the key characteristics and relationships that shape your organizational environment. It also addresses your organization's governance system. The aim is to set the context for your organization and for your responses to the Criteria requirements in Categories 1–7.

Comments

- The Organizational Profile provides your organization with critical insight into the key internal and external factors that shape your operating environment. These factors, such as the mission, vision, values, competitive and collaborative environment, and strategic challenges, impact the way that your organization is run and the decisions you make. As such, the Organizational Profile helps your organization better understand the context in which it operates; the key requirements for current and future organizational success and sustainability; and the needs, opportunities, and constraints placed on your organization's performance management system.
- Use of such terms as “purpose,” “vision,” “mission,” and “values” varies depending on the organization, and some organizations may not use one or more of these terms. Nevertheless, you should have a clear understanding of the essence of your organization, why it exists, and where your senior leaders want to take the organization in the future. This clarity enables you to make and implement strategic decisions affecting the future of your organization.
- The legal and regulatory environment in which you operate places requirements on your organization and impacts how you run your organization. Understanding this environment is key to making effective operational and strategic decisions. Further, it allows you to identify whether you are merely complying with the minimum requirements of applicable laws, regulations, and standards of practice or exceeding them, a hallmark of leading organizations.
- Leading organizations have well-defined governance systems with clear reporting relationships. It is important to

clearly identify which functions are performed by senior leaders and, as applicable, by your governance board and your parent organization. Board independence and accountability frequently are key considerations in the governance structure.

- In supplier-dependent organizations, suppliers play critical roles in processes that are important to running the organization and to maintaining or achieving overall organizational performance success. Supply chain requirements might include accessibility, continuity of care, on-time or just-in-time delivery, flexibility, variable staffing, research and design capability, and customized manufacturing or services.

P.2 Organizational Challenges: What are your key organizational challenges?

Purpose

This Item addresses the competitive and collaborative environment in which your organization operates and the key strategic challenges that your organization faces. It also addresses how you approach performance improvement and organizational learning. The aim is to understand your key organizational challenges and your system for maintaining a sustainable advantage.

Comments

- Knowledge of an organization's strengths, vulnerabilities, and opportunities for both improvement and growth is essential to the success and sustainability of the organization. With this knowledge, you can identify those health care service and program offerings, processes, and performance attributes that are unique to your organization; those that set you apart from other organizations; and those that help you to sustain your competitive position.
- Understanding who your competitors and collaborators are, how many you have, and their key characteristics is essential for determining what your competitive position is and what your collaborative opportunities are in the health care industry and marketplace. Leading organizations have an in-depth understanding of their current competitive and what your collaborative environment, including the factors that affect day-to-day performance and factors that could impact future performance.
- Sources of comparative and competitive data might include external organizations (e.g., CMS, the National Committee for Quality Assurance [NCQA], JCAHO, and the Maryland Quality Indicator Project), health care industry journals and other publications, benchmarking activities (comparative data also can be obtained from organizations outside of the health care sector, particularly in areas related to patient and other customer satisfaction, staff satisfaction, and organizational effectiveness [e.g., cycle



time)), annual reports for publicly traded companies and public organizations, conferences, local networks, and industry associations.

- Operating your organization in today's highly competitive marketplace means you are facing many strategic challenges that can affect your ability to sustain performance and maintain your competitive position. These challenges might include your operational costs (e.g., pharmaceuticals, labor, or medical technology); expanding or decreasing markets; mergers or acquisitions both by your organization and by your competitors; economic conditions, including fluctuating demand and economic downturns; needs for public health and bioterrorism preparedness; HIPAA compliance; the introduction of new or substitute health care services, possibly based on a disruptive technology; rapid technological changes; or emergence of e-health care delivery technology. In addition, your organization may face challenges related to the recruitment, hiring, and retention of qualified staff or volunteers.
- A particularly significant challenge, if it occurs to your organization, is being unprepared for a disruptive technology that threatens your competitive position or your marketplace. Examples of such technologies include MRIs replacing myelograms and orthoscopic surgery replacing more invasive types of surgery. Today, organizations need to be scanning the environment inside and outside their immediate industry to detect such challenges at the earliest possible point in time.
- One of the many issues facing organizations today is how to manage, use, and share their ever-increasing organizational knowledge. Leading organizations already benefit from the knowledge assets of their staff, patients and other customers, suppliers, collaborators, and partners, who together drive organizational learning and improve performance.

Leadership (Category I)

Leadership addresses how your senior leaders guide and sustain your organization, setting organizational vision,

values, and performance expectations. Attention is given to how your senior leaders communicate with staff, develop future leaders, and create an environment that encourages ethical behavior and high performance. The Category also includes your organization's governance system, its legal and ethical responsibilities to the public, how your organization supports its community, and how your organization contributes to the health of its community.

1.1 Senior Leadership: How do your senior leaders lead?

Purpose

This Item examines the key aspects of your senior leaders' responsibilities. It examines how your senior leaders set and communicate the organization's vision and values. It focuses on your senior leaders' actions to create and sustain a high-performance organization.

Comments

- Senior leadership's central role in setting values and directions, communicating, creating and balancing value for all stakeholders, and creating an organizational bias for action are the focus of this Item. Success requires a strong orientation to the future and a commitment to improvement, innovation, and organizational sustainability. Increasingly, this requires creating an environment for empowerment, agility, and learning.
- An important aspect of leadership in health care organizations is the relationship and collaboration between administrative and health care provider leadership in organizations with separate administrative and health care leadership.
- In highly respected organizations, senior leaders are committed to the development of the organization's future leaders and to the reward and recognition of staff performance. Senior leaders personally participate in the development of future leaders, in succession planning, and in staff recognition opportunities and events. Development activities for future leaders might include personal mentoring or participating in leadership development courses.

1.2 Governance and Social Responsibilities: How do you govern and address your social responsibilities?

Purpose

This Item examines key aspects of your organization's governance system. It also examines how your organization fulfills its public responsibilities, how your senior leaders ensure that you behave legally and ethically, and how your senior leaders and staff encourage and practice good citizenship.

Comments

- The organizational governance requirement is intended to address the need for a responsible, informed, and accountable governance or advisory body that can protect

the interests of key stakeholders (including stockholders) in publicly traded, private, and nonprofit organizations. It should have independence in review and audit functions. It also should have a performance evaluation function that monitors organizational and senior leader performance.

- An integral part of health care delivery, performance management, and improvement is proactively addressing (1) the need for ethical behavior; (2) legal, regulatory, and accreditation requirements; and (3) risk factors. Addressing these areas requires establishing appropriate measures or indicators that senior leaders track in their performance reviews. Your organization should be sensitive to issues of public concern related to your health care services and operations, whether or not these issues are currently embodied in laws and regulations. Role model organizations look for opportunities to exceed requirements and to excel in areas of legal and ethical behavior.
- This Item addresses the use of resource-sustaining processes. These processes might include the use of “green” technologies, replacement of hazardous chemicals with water-based chemicals, energy conservation, use of cleaner energy sources, or recycling of by-products or wastes.
- Social responsibility implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities might include encouraging and supporting your staff’s community service.
- Examples of organizational community involvement include partnering with other health care providers, businesses, and professional associations to engage in beneficial cooperative activities, such as providing education and volunteer services and sharing best practices to improve overall U.S. health status and health care. Levels of involvement and leadership are dependent upon your organization’s size and available resources.
- This Item addresses actions to build and improve community health, including the consideration of partnering with other local organizations (public and business) and health care providers. The community health services offered by your organization will be dependent upon your mission, including service requirements for tax-exempt organizations.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning, deployment of plans, how plans are changed if circumstances require a change, and how accomplishments are measured and sustained. The Category stresses that long-term organizational sustainability and your competitive or collaborative environment are key strategic issues that need to be integral parts of your organization’s overall planning.



The Baldrige Health Care Criteria emphasize three key aspects of organizational excellence. These aspects are important to strategic planning:

- Patient-focused quality and health care performance provide a strategic view of quality. The focus is on the drivers of patient satisfaction, patient loyalty, patient health status, and health care service improvement—key factors in organizational sustainability.
- Operational performance improvement contributes to short- and longer-term productivity growth and cost containment. Building operational capability—including speed, responsiveness, and flexibility—represents an investment in strengthening your organizational fitness.
- Organizational and personal learning are necessary strategic considerations in today’s fast-paced environment. The Criteria emphasize that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes and learning initiatives with your organization’s strategic directions, thereby ensuring that improvement and learning prepare you for and reinforce organizational priorities, especially health care priorities.

The Strategic Planning Category examines how your organization

- determines its key strengths, weaknesses, opportunities, and threats, and its ability to execute your strategy.
- optimizes the use of resources, ensures the availability of trained staff, and bridges short- and longer-term requirements that may entail capital expenditures, technology development or acquisition, supplier development, and new health care partnerships and collaborations.
- ensures that deployment will be effective—that there are mechanisms to communicate requirements and achieve alignment on three levels: (1) the organization and the senior leader level, (2) the key process level, and (3) the department/work unit and individual job level.

The requirements in the Strategic Planning Category encourage strategic thinking and acting—to develop a basis for an appropriate competitive and collaborative position in the marketplace. *These requirements do not imply formalized plans, planning systems, departments, or specific planning cycles.* They also do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change, compete for limited resources. In most cases, setting priorities depends heavily on health care market demands and a cost rationale. However, you also might have critical requirements, such as incorporating new health care technology or community health and public responsibilities, that are not driven by cost considerations alone.

2.1 Strategy Development: How do you develop your strategy?

Purpose

This Item examines how your organization sets strategic directions and develops your strategic objectives to guide and strengthen your overall performance as a health care provider and your performance relative to other organizations providing similar health care services.

Comments

- This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect your organization's future opportunities and directions—taking as long term a view as appropriate and possible from the perspectives of your organization and your industry or marketplace. This approach is intended to provide a thorough and realistic context for the development of a patient-, other customer-, and health care market-focused strategy to guide ongoing decision making, resource allocation, and overall management.
- This Item is intended to cover all types of health care organizations, competitive/collaborative situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action but do not imply planning departments, specific planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create an entirely new health care service or business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.
- This Item emphasizes health care industry leadership, which usually depends on health care service delivery and operational effectiveness. This leadership requires a view of the future that includes not only the health care markets or segments in which your organization provides services but also how it competes and/or collaborates in these

markets. *How it competes and/or collaborates* presents many options and requires that you understand your organization's and your competitors'/collaborators' strengths and weaknesses. Although no specific time horizons are included, the thrust of this Item is sustained performance leadership.

- An increasingly important part of strategic planning is projecting the future competitive and collaborative environment. Such projections help to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of organization, maturity of health care markets, pace of change, and competitive/collaborative parameters (such as cost or innovation rate), organizations might use a variety of modeling, scenarios, or other techniques and judgments to anticipate the future environment.
- While many organizations are increasingly adept at strategic planning, plan execution is still a significant challenge. This is especially true given market demands to be agile and to be prepared for unexpected change, such as disruptive technologies that can upset an otherwise fast-paced but more predictable marketplace. This Item and Item 2.2 highlight the need to place a focus not only on developing your plans but also on your capability to execute them.

2.2 Strategy Deployment: How do you deploy your strategy?

Purpose

This Item examines how your organization converts your strategic objectives into action plans to accomplish the objectives. It also examines how your organization assesses progress relative to these action plans. The aim is to ensure that your strategies are successfully deployed for goal achievement.

Comments

- This Item asks how your action plans are developed and deployed. Accomplishment of action plans requires resources and performance measures, as well as the alignment of department/work unit and supplier and partner plans. Of central importance is how you achieve alignment and consistency—for example, via key processes and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities—part of the daily work of all departments/work units. In addition, performance measures are critical for tracking performance.
- Key changes in your services or patients and other customers and health care markets might include Web-based or electronic communication/information transfer initiatives integrated within or separate from your current health care and other services.
- Action plans should include human resource plans that are aligned with and support your overall strategy.

■ Examples of possible human resource plan elements are

- a redesign of your work organization and jobs to increase staff empowerment and decision making;
- initiatives to promote better collaboration and cooperation between health care providers and administrative staff;
- initiatives to promote greater labor-management cooperation, such as union partnerships;
- initiatives to foster knowledge sharing and organizational learning;
- modification of your compensation and recognition systems to recognize team, organizational, patient and other customer satisfaction, or other performance attributes; or
- education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of future staff, and establishment of training programs on new technologies important to your future success.

■ Projections and comparisons in this Item are intended to improve your organization's ability to understand and track dynamic, competitive performance factors.

Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to that of competitors and other organizations providing similar health care services and relative to its own targets or stretch goals. Such tracking serves as a key diagnostic management tool.

■ In addition to improvement relative to past performance and to the projected performance of competitors and comparable organizations, projected performance might include changes resulting from new business ventures, entry into new health care markets, introduction of new technologies, innovations, or other strategic thrusts.

Focus on Patients, Other Customers, and Markets (Category 3)

Focus on Patients, Other Customers, and Markets addresses how your organization seeks to understand the voices of patients, other customers, and the marketplace, with a focus on meeting patients' and other customers' requirements, needs, and expectations; delighting them; and building loyalty and positive referrals. The Category stresses relationships as an important part of an overall listening, learning, and performance excellence strategy. Your patient and other customer satisfaction and dissatisfaction results provide vital information for understanding your customers and the health care marketplace. In many cases, such results and trends provide the most meaningful information, not only on your patients' and other customers' views but also on their marketplace behaviors—patient/customer loyalty and positive referrals—and how these views and behaviors may

contribute to the sustainability of your organization in the marketplace.

Throughout the Criteria, patients frequently are identified separately from other customer groups. This is done to stress the importance of this customer group (i.e., patients) to health care organizations. However, Item requirements also address other customers (or refer to customers generically) to ensure inclusion of all customer groups in the organization's customer focus and performance management system. Other customers could include patients' families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. A key challenge to health care organizations frequently may include balancing the differing expectations of patients and other customer groups.

3.1 Patient, Other Customer, and Health Care

Market Knowledge: How do you use patient, other customer, and health care market knowledge?

Purpose

This Item examines your organization's key processes for gaining knowledge about your current and future patients, other customers, and markets, with the aim of offering relevant health care services; understanding longer-term or emerging patient/customer needs, requirements, and expectations; and keeping pace with marketplace changes and changing ways of doing business.

Comments

- In a rapidly changing technological and competitive health care environment, many factors may affect patient and other customer preference and loyalty and your interface with patients and other customers in the marketplace. This makes it necessary to continually listen and learn. To be effective, listening and learning need to be closely linked with your organization's overall strategy.
- Knowledge of patient and other customer groups and health care market segments allows your organization to tailor listening and learning strategies and marketplace offerings, to support and tailor your marketing strategies, to develop new health care service opportunities, and to ensure organizational sustainability.
- A relationship strategy may be possible with some customers but not with others. Differing relationships may require distinctly different listening and learning strategies. The use of electronic communication and the Internet (e.g., Web-based scheduling, support group, and health care information) is rapidly changing many marketplaces and may affect your listening and learning strategies, as well as your definition of patient and other customer groups and health care market segments.
- Selection of listening and learning strategies depends on your key organizational factors. Increasingly, organizations interact with customers via multiple modes. Some

frequently used modes include focus groups with key customers; close integration with patients and other key customers; interviews with lost and potential customers about their health care purchase or relationship decisions; use of the patient and other customer complaint process to understand key service attributes; win/loss analysis relative to competitors and other organizations providing similar health care services; and survey or feedback information, including information collected on the Internet.



3.2 Patient and Other Customer Relationships and Satisfaction: *How do you build relationships and grow customer satisfaction and loyalty?*

Purpose

This Item examines your organization's processes for building patient and other customer relationships and determining patient and other customer satisfaction, with the aim of acquiring new patients and other customers, retaining existing customers, ensuring positive patient and other customer experiences and comments, and developing new health care market opportunities.

Comments

- This Item emphasizes how you obtain actionable information from patients and other customers. Information that is actionable can be tied to key health care service and organizational processes and be used to determine cost implications for setting improvement goals and priorities for change.
- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to the setting of priorities for process and service improvements. Successful outcomes require effective deployment of information throughout the organization.
- In determining patients' and other customers' satisfaction, a key aspect is their comparative satisfaction with competitors and/or other organizations providing similar

health care services. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to patient and other customer preference are of critical importance in understanding factors that drive health care markets and potentially affect longer-term success in the health care marketplace.

- Changing health care service needs and directions might include changing modes of patient and other customer access, such as the Internet. In such cases, key contact requirements might include privacy and access to personal online assistance.

Measurement, Analysis, and Knowledge Management (Category 4)

The Measurement, Analysis, and Knowledge Management Category is the main point within the Criteria for all key information about effectively measuring, analyzing, and reviewing performance and managing organizational knowledge to drive improvement and organizational competitiveness, with specific attention to performance as a health care provider. In the simplest terms, Category 4 is the "brain center" for the alignment of your organization's health care and administrative operations and its strategic objectives. Central to such use of data and information are their quality and availability. Furthermore, since information, analysis, and knowledge management might themselves be primary sources of competitive advantage and productivity growth, the Category also includes such strategic considerations.

4.1 Measurement, Analysis, and Review of Organizational Performance: *How do you measure, analyze, and review organizational performance?*

Purpose

This Item examines your organization's selection, management, and use of data and information for performance measurement, analysis, and review in support of organizational planning and performance improvement as a health care provider. This performance improvement includes efforts to improve health care results and outcomes (e.g., through the selection of statistically meaningful indicators, the risk adjustment of data, and the linking of outcomes to processes and provider decisions). The Item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on clinical, financial, and nonfinancial data and information. The aim of measurement, analysis, and review is to guide your organization's process management toward the achievement of key organizational performance results and strategic objectives, and to anticipate and respond to rapid or unexpected organizational or external changes.

Comments

- Alignment and integration are key concepts for successful implementation of your performance measurement system.



They are viewed in terms of extent and effectiveness of use to meet your performance assessment needs. Alignment and integration include how measures are aligned throughout your organization and how they are integrated to yield organization-wide data and information. Alignment and integration also include how performance measurement requirements are deployed by your senior leaders to track departmental, work group, and process-level performance on key measures targeted for organization-wide significance or improvement.

- The use of comparative data and information is important to all organizations. The major premises for use are (1) your organization needs to know where it stands relative to competitors, to other providers, and to best practices; (2) comparative information and information obtained from benchmarking often provide the impetus for significant (“breakthrough”) improvement or change; and (3) comparing performance information frequently leads to a better understanding of your processes and their performance. Comparative information also may support analysis and decisions relating to core competencies, alliances, and outsourcing.
- Your effective selection and use of comparative data and information require (1) determination of needs and priorities, (2) criteria for seeking appropriate sources for comparisons—from within and outside the health care industry and your organization’s markets, and (3) use of data and information to set stretch goals and to promote major, nonincremental (“breakthrough”) improvements in areas most critical to your organization’s strategy.
- Sources of comparative data and information might include (1) information obtained from other organizations through sharing or contributing to external reference databases (e.g., the Maryland Quality Indicator Project), (2) information obtained from the open literature (e.g., outcomes of research studies and practice guidelines), and (3) data gathering and evaluation by independent organizations (e.g., CMS, accrediting organizations [NCQA and JCAHO], and commercial organizations).
- The organizational review called for in this Item is intended to cover all areas of performance. This includes not only how well you currently are performing but also how well you are moving toward the future. It is anticipated that the review findings will provide a reliable means to guide both improvement and opportunities for innovation that are tied to your organization’s key objectives, success factors, and measures. Therefore, an important component of your organizational review is the translation of the review findings into an action agenda sufficiently specific for deployment throughout your organization and to your suppliers, partners, collaborators, and key customers.
- Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organization, size, competitive environment, and other factors. Examples of possible analyses include
 - how health care service quality improvement correlates with key patient and other customer indicators, such as satisfaction, loyalty, and market share
 - cost and revenue implications of patient- and other customer-related problems and effective problem resolution
 - interpretation of market share changes in terms of patient and other customer gains and losses and changes in patient and other customer satisfaction
 - improvement trends in key operational performance indicators, such as productivity, cycle time (e.g., length of stay, turnaround times, wait times, and billing delays), waste reduction, utilization rates, error rates, and cost per case
 - relationships among staff and organizational learning and value added per staff member
 - financial benefits derived from improvements in staff safety, absenteeism, and turnover
 - benefits and costs associated with education and training, including Internet-based or e-learning opportunities
 - benefits and costs associated with improved organizational knowledge management and sharing
 - the relationship between knowledge management and innovation
 - how the ability to identify and meet staff requirements correlates with staff retention, motivation, and productivity

- cost and revenue implications of staff-related problems and effective problem resolution
 - individual or aggregate measures of productivity and quality relative to competitors' performance
 - cost trends relative to competitors' trends (e.g., cost/case for key diagnosis-related groups [DRGs])
 - compliance with preventive screenings compared to similar health care providers
 - relationships among patient health care quality, operational performance indicators, and overall financial performance trends as reflected in indicators such as operating costs, revenues, asset utilization, and value added per staff member
 - allocation of resources among alternative improvement projects based on cost/benefit implications or environmental and community impact
 - net earnings or savings derived from quality, operational, and human resource performance improvements
 - comparisons among cost centers showing how quality and operational performance improvement affect financial performance (e.g., impacts of HMO preventive care versus diagnostic expenses and treatment of potentially preventable illnesses)
 - contributions of improvement activities to cash flow, working capital use, and shareholder and community value
 - financial impacts of customer retention (e.g., retention of third-party payors)
 - cost and revenue implications of new health care market entry
 - cost and revenue, patient and other customer, and productivity implications of engaging in or expanding electronic communication/information transfer and use of the Internet and intranets
 - health care market share versus profits/financial returns
 - trends in economic, market, and stakeholder indicators of value and the impact of these trends on organizational sustainability
- Individual facts and data do not usually provide an effective basis for setting organizational priorities. This Item emphasizes that close alignment is needed between your analysis and your organizational performance review and between your analysis and your organizational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information.
 - Action depends on understanding cause-effect connections among processes and between processes and organizational performance results or outcomes. Process actions



and their results may have many resource implications. Organizations have a critical need to provide an effective analytical basis for decisions because resources for improvement are limited and cause-effect connections often are unclear.

4.2 Information and Knowledge Management: How do you manage organizational information and knowledge?

Purpose

This Item examines how your organization ensures the availability of high-quality, timely data and information for all your key users—staff, suppliers and partners, collaborators, and patients and other customers. It also examines how your organization builds and manages its knowledge assets. The aim is to improve organizational efficiency, effectiveness, and innovation.

Comments

- Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The expanding use of electronic information within organizations' operations, as part of organizational knowledge networks, from the Internet, and in electronic communication/information transfer, challenges organizational abilities to ensure reliability, confidentiality, and availability in a user-friendly format.
- Data and information are especially important in alliances and supply chains. Your responses to this Item should take into account this use of data and information and should recognize the need for rapid data validation and reliability assurance, given the increasing use of electronic data transfer.

- Organizations should carefully plan how they will continue to provide data and information in the event of either a natural or man-made disaster. These plans should consider the needs of all of the organization's stakeholders, including staff, patients and other customers, suppliers/partners, and collaborators. The plans also should be coordinated with the organization's overall plan for business continuity (Item 6.2).
- The focus of an organization's knowledge management is on the knowledge that people need to do their work; improve processes and health care services; keep current with changing business needs and directions; and develop innovative solutions that add value for the patient/customer and the organization.

Human Resource Focus (Category 5)

Human Resource Focus addresses key human resource practices—those directed toward creating and maintaining a high-performance workplace and toward developing staff to enable them and your organization to adapt to change. The Category covers human resource development and management requirements in an integrated way (i.e., aligned with your organization's strategic objectives and action plans). Your human resource focus includes your work environment and your staff support climate. A particular challenge in some health care organizations is the breadth of staff relationships—the variety of people contributing to the delivery of the organization's services. This might include paid staff, independent practitioners, volunteers, and students. All appropriate contributions must be considered in the Human Resource Focus Category.

To reinforce the basic alignment of human resource management with overall strategy, the Criteria also cover human resource planning as part of overall planning in the Strategic Planning Category (Category 2).

5.1 Work Systems: *How do you enable staff to accomplish the work of your organization?*

Purpose

This Item examines your organization's systems for work and jobs; communication; and staff compensation, career progression, performance management, recognition, and hiring, with the aim of enabling and encouraging all staff to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to result in individual and organizational learning, and to enable adaptation to change, contributing to organizational sustainability.

Comments

- High-performance work is characterized by flexibility, innovation, knowledge and skill sharing, alignment with organizational objectives, patient and other customer focus, and rapid response to changing health care service needs and requirements of the health care marketplace. The focus of this Item is on a workforce capable of achieving high performance. In addition to enabled staff and proper work system design, high-performance work requires ongoing education and training, as well as information systems that ensure proper information flow.
- Work and job factors for your consideration include simplification of job classifications, cross-training, job rotation, use of teams (including self-directed teams), and changes in work layout and location to facilitate patient-focused processes. Also important is effective communication across functions and work units to ensure a focus on patient and other customer requirements and to ensure an environment of trust, knowledge sharing, and mutual respect. Job design should address the organization's credentialing and privileging of its health care practitioners, as appropriate.
- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills, to peer evaluations, and/or to collaboration among departments and health care practitioners.
- Compensation and recognition approaches also might include bonuses/profit sharing, and rewards for exemplary team or unit performance. Compensation and recognition might be linked to patient and other customer satisfaction and loyalty measures and the achievement of organizational strategic objectives or other key organizational objectives.
- The requirements of high-performance work, coupled with the challenges of labor markets, necessitate attention to succession planning and hiring profiles. This should include and capitalize on diversity factors. Staff recruitment and career progression planning should consider both internal and external candidates, with a focus on the future sustainability and growth of the organization.



5.2 Staff Learning and Motivation: How do you contribute to staff learning and motivate staff?

Purpose

This Item examines the education, training, and on-the-job reinforcement of knowledge and skills of your organization's workforce. It also examines your organization's systems for motivation and staff career development, with the aim of meeting the ongoing needs of staff, licensure and recertification requirements, and a high-performance workplace.

Comments

- Depending on the nature of your organization's health care services, staff responsibilities, and the stage of organizational and personal development, education and training needs might vary greatly. These needs might include continuing clinical education; gaining skills for knowledge sharing, communication, teamwork, and problem solving; interpreting and using data; meeting patient and other customer requirements; accomplishing process analysis and simplification; reducing waste and cycle time; applying HIPAA regulations and concepts in daily work; working with and motivating volunteers; and setting priorities based on strategic alignment or cost/benefit analysis. Education needs also might include advanced skills in new technologies or basic skills, such as reading, writing, language, arithmetic, and, increasingly, computer skills.
- Education and training delivery might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, or distance learning, as well as other types of delivery. Training also might occur through developmental assignments within or outside your organization.
- When you evaluate education and training, you should seek effectiveness measures as a critical part of the evaluation. Such measures might address the impact on individual, department, unit, and organizational performance; the impact on customer-related performance; the impact on health care outcomes; and a cost/benefit analysis of the training.
- Although this Item does not specifically ask you about training for patient and other customer contact staff, such training is important and common. It frequently includes learning critical knowledge and skills in the following areas: health care services and patients and other customers; how to listen to patients and other customers; how to recover from problems or failures; and how to effectively manage or meet patient and other customer expectations or needs.
- An organization's knowledge management system should provide the mechanism for sharing the knowledge of staff, privileged physicians, and the organization to ensure high-performance work is maintained through transitions. Each organization should determine what knowledge is critical for its operations and should then implement

systematic processes for sharing this information. This is particularly important for implicit knowledge (i.e., knowledge personally retained by your staff).

- To help staff realize its full potential, many organizations use individual development plans prepared with each staff member that address his or her career and learning objectives.
- Factors inhibiting motivation should be understood and addressed by your organization. Further understanding of these factors could be developed through staff surveys or exit interviews with departing staff members.

5.3 Staff Well-Being and Satisfaction: How do you contribute to staff well-being and grow staff satisfaction?

Purpose

This Item examines your organization's work environment, your staff support climate, and how you determine staff satisfaction, with the aim of fostering the well-being, satisfaction, and motivation of all staff while recognizing their diverse needs. It also examines your organization's capabilities for handling emergencies or disasters, with the aim of staff protection and workplace safety.

Comments

- Most organizations, regardless of size, have many opportunities to contribute to staff's well-being, satisfaction, and motivation. Some examples of services, facilities, activities, and other opportunities are personal and career counseling; career development and employability services; recreational or cultural activities; formal and informal recognition; nonwork-related education; day care; special leave for family responsibilities and community service; flexible work hours and benefits packages; outplacement services; and retiree benefits, including extended health care and access to staff services.
- All organizations, regardless of size, are required to meet minimum regulatory standards for workplace safety; however, high-performing organizations have processes in place to ensure that they not only meet these minimum standards but go beyond a compliance orientation. This includes designing proactive processes, with input from employees directly involved in the work, to ensure a safe working environment.
- Although satisfaction with pay and satisfaction with promotion are important to paid staff, these two factors generally are not sufficient to ensure overall staff satisfaction, motivation, and high performance. Some examples of other factors to consider are effective staff problem and grievance resolution; staff development and career opportunities; work environment and management support; workplace safety and security; workload; effective communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse staff groups;



and organizational support for serving patients and other customers.

- In addition to direct measures of staff satisfaction and well-being through formal or informal surveys, some other indicators include safety, absenteeism, turnover, grievances, strikes, OSHA reportables, and workers' compensation claims. For health care staff, indicators might include patient referrals to other organizations or institutions and willingness to serve on committees.

Process Management (Category 6)

Process Management is the focal point within the Criteria for all key work processes—health care processes and those processes that support the delivery of health care. As appropriate to an organization's mission, key processes might include the conduct of health care research and/or the teaching of medical/nursing students or allied health care professionals. Built into the Category are the central requirements for efficient and effective process management: effective design; a prevention orientation; linkage to patients and other customers, suppliers, partners, and collaborators; and a focus on creating value for all key stakeholders; operational and financial performance; cycle time; and evaluation, continuous improvement, and organizational learning.

Agility, cost efficiencies, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In the simplest terms, "agility" refers to your ability to adapt quickly, flexibly, and effectively to changing requirements. Depending on the nature of your organization's strategy and markets, agility might mean rapid change to a new technology or treatment protocol, rapid response to changing payor requirements, or the ability to produce a wide range of patient-focused services. Agility also increasingly involves shared facilities, decisions to outsource, agreements with key suppliers, and

novel partnering arrangements. Flexibility might demand special strategies, such as sharing facilities, cross-training, and providing specialized training. Cost and cycle time reduction often involve agile process management strategies. It is crucial to utilize key measures for tracking all aspects of your overall process management.

6.1 Health Care Processes: How do you identify and manage your key health care processes?

Purpose

This Item examines your organization's key health care service design and delivery processes, with the aim of creating value for your patients, other customers, and other key stakeholders, and improving your marketplace and operational performance.

Comments

- This Item calls for information on the management and improvement of key health care processes. The information required includes a description of the key processes, their specific requirements, and how performance relative to these requirements is determined and maintained. Increasingly, these requirements might include the need for agility—speed and flexibility—to adapt to change.
- Design processes might address (1) modifications and variants of existing health care services that might result from the shift of a service from an inpatient to an outpatient setting, the introduction of new technology for an existing service, or the institution of critical pathways; (2) new health care services resulting from research; (3) new/modified facilities to meet performance requirements; and (4) significant redesigns of processes to improve patient focus, productivity, or both. You should consider the key requirements for your health care services. Factors that might need to be considered in design include desired health care outcomes; safety and risk management; timeliness, access, coordination, and continuity of care; patient involvement in care decisions; measurement capability; process capability; variability in customer expectations requiring health care service options; availability or scarcity of staff with critical skills; availability of referral sources; technology; facility capacity or utilization; supplier capability; regulatory requirements; and documentation. Effective design also must consider cycle time and productivity of health care service delivery processes. This might involve detailing critical pathways and redesigning ("re-engineering") those delivery processes to achieve efficiency, as well as to meet changing requirements.
- This Item calls for information on the incorporation of new technology. This could include e-technology for sharing information with partners and collaborators, communicating with patients and other customers, and giving them continuous (24/7) access and automated information transfer.

- Coordination of design and delivery processes involves all departments/work units and/or individuals who will take part in delivery and whose performance materially affects overall process outcome. This might include researchers, health care providers, facilities engineering, and administration.
- Specific reference is made to regulatory and payor requirements, in-process measurements/assessments, and patient and other customer and supplier interactions. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimize problems and costs that may result from deviations from expected performance. Achieving expected performance frequently requires setting in-process performance levels or standards to guide decision making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technical and human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or elsewhere in your organization. When patients' and other customers' interactions are involved, differences among patients and other customers must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the patient and other customer information gathered. Key process cycle times in organizations may be a year or longer, which may create special challenges in measuring day-to-day progress and in identifying opportunities for reducing cycle times where appropriate.
- Critical to health care service delivery are the consideration of patient expectations, the setting of realistic patient expectations relative to likely health care outcomes, and

the opportunity for patients to participate on an informed basis in decision making relative to their own health care.

- This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your patients' and other customers' perspectives and better health care outcomes, but also better financial and operational performance—such as productivity—from your other stakeholders' perspectives. A variety of process improvement approaches are commonly used. These approaches include (1) sharing successful strategies across your organization to drive learning and innovation, (2) conducting research and development, (3) benchmarking, (4) using alternative technology, and (5) using information from patients and other customers—within and outside your organization.

6.2 Support Processes and Operational Planning: How do you identify and manage your support processes and accomplish operational planning?

Purpose

This Item examines your organization's key business and other support processes and your operational planning with respect to financial management and planning for the continuity of operations. The aim is to improve your overall operational performance.

Comments

- Your key business processes are those nonhealth care service processes that are considered most important to growth and success by your senior leaders. These processes frequently relate to an organization's strategic objectives and critical success factors. Key business processes might include processes for innovation, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, project management, and sales and marketing. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.
- Your other key support processes are those that support your daily operations and your health care service delivery but are not usually designed in detail with the health care services. The support process requirements usually do not depend significantly on health care service characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include processes for housekeeping, medical records, facilities management, legal services, human resource services, public relations, community relations, and other administrative services.
- For many organizations, supply chain management is a growing factor in achieving productivity and profitability



goals and overall organizational performance success. Suppliers and partners are receiving increasing strategic attention as organizations re-evaluate their core functions. Supplier processes should fulfill two purposes: to help improve the performance of suppliers and partners and also, on specific actions, to help them contribute to your organization's improved performance. Supply chain management might include processes for supplier selection, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.

- This Item calls for information on how your organization evaluates and improves the performance of your key business and other support processes and shares information with other organizational units to drive learning and innovation. Four approaches frequently used are (1) process analysis and research, (2) benchmarking, (3) use of alternative technology, and (4) use of information from patients and other customers of the processes. Together, these approaches offer a wide range of possibilities, including minor process modification and complete redesign ("re-engineering") of processes.
- Many types of analyses can be performed to ensure adequate financial resources are available to support current operations and new business investments and to assess their financial risks. For current operations, these efforts might include the analysis of cash flows, net income statements, and current liabilities versus current assets. For business investments, the efforts might include analysis of discounted cash flows, return on investment (ROI), or return on invested capital (ROIC). The specific types of analyses will vary from organization to organization. These analyses should help your organization assess the financial viability of your current operations and the potential viability of and risks associated with your new business initiatives.
- Efforts to ensure the continuity of operations in an emergency should consider all facets of your organization's operations that are needed to provide health care services to patients and other customers. You should consider both your health care delivery and your key business and other support processes in your planning. The specific level of service that you will need to provide will be guided by your mission and your patient and other customer needs and requirements. Health care providers will likely have a higher need for services than organizations that do not provide an essential function. Your continuity of operations efforts should be coordinated with your efforts to ensure data and information availability (Item 4.2) and workplace preparedness (Item 5.3).

Results (Category 7)

The Results Category provides a results focus for meeting your organization's mission as a health care provider. This



focus encompasses your objective evaluation and your patients' and other customers' evaluation of your organization's health care outcomes and service delivery results, your overall financial and health care market performance, your leadership system and social responsibility results, your human resource results, and the results of all your key processes and process improvement activities. Through this focus, the Criteria's purposes—superior health care quality and value as viewed by your patients and other customers and the marketplace; superior organizational performance as reflected in your clinical, operational, human resources, legal, ethical, and financial indicators; and organizational and personal learning—are maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of health care outcomes and all key processes, in alignment with your overall organizational strategy. Item 4.1 calls for analysis and review of clinical and operational results data and information to determine your overall organizational performance and set priorities for improvement.

7.1 Health Care and Service Delivery Outcomes: What are your health care and service delivery results?

Purpose

This Item examines your organization's key health care and service delivery results that lead to patient and other customer satisfaction, loyalty, and positive referral.

Comments

- This Item addresses those measures that best reflect your organization's success in delivering on its mission as a health care provider. The Item calls for the use of key data and information to establish your organization's performance in delivering health care. Overall, this is the most important Item in the Criteria, as it focuses on demonstrating improving health care results over time.
- This Item addresses the use of comparative data. Comparative data from external organizations (e.g., CMS, NCQA, JCAHO, and the Maryland Quality Indicator

Project) for your patient population are useful in demonstrating superior results relative to other organizations that provide similar health care services.

- This Item places an emphasis on measures of health care service performance that serve as indicators of patients' and other customers' views and health care decisions relative to continuing interactions with your organization and/or positive referral. These measures of service performance are derived from patient- and other customer-related information gathered in Items 3.1 and 3.2.
- The correlation among health care service performance and patient/customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and patient/customer requirements; (2) identifying service differentiators in the health care marketplace; and (3) determining cause-effect relationships among your health care services attributes and evidence of customer satisfaction and loyalty, as well as positive referrals. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of health care and other patient/customer services.

7.2 Patient- and Other Customer-Focused Outcomes: What are your patient- and other customer-focused performance results?

Purpose

This Item examines your organization's patient- and other customer-focused performance results, with the aim of demonstrating how well your organization has been satisfying your patients and other customers and has developed loyalty, repeat business, and positive referrals, as appropriate.

Comments

- This Item focuses on all relevant data used to determine and help predict your organization's performance as viewed by your patients and other customers. Relevant data and information include patient and other customer satisfaction and dissatisfaction; retention, gains, and losses



of patients and other customers and patient and other customer accounts; patient and other customer complaints and complaint management; effective complaint resolution; patient- and other customer-perceived value based on health care quality, outcomes, and cost; patient and other customer assessment of access and ease of use (including courtesy in-service interactions); and awards, ratings, and recognition from patients and other customers and independent rating organizations.

- This Item places an emphasis on patient- and other customer-focused results that go beyond satisfaction measurements because loyalty, retention, positive referral, and longer-term patient and other customer relationships are better indicators and measures of future success in the health care marketplace and organizational sustainability.

7.3 Financial and Market Outcomes: What are your financial and market results?

Purpose

This Item examines your organization's key financial and health care market results, with the aim of understanding your financial sustainability and your marketplace challenges and opportunities.

Comments

- Measures reported in this Item are those usually tracked by senior leadership on an ongoing basis to assess your organization's financial performance.
- Appropriate financial measures and indicators might include revenues, budgets, profits, net assets, market position, cash-to-cash cycle time, earnings per share, and financial returns. Marketplace performance measures might include market position, market share, measures of growth, new markets entered, entry into e-services for patients and other customers, new populations served, and the percentage of income derived from new health care services and programs.

7.4 Human Resource Outcomes: What are your human resource results?

Purpose

This Item examines your organization's human resource results, with the aim of demonstrating how well your organization has been creating and maintaining a productive, learning, and caring work environment for all staff.

Comments

- Results measures reported for work system performance might include improvement in job classification, job rotation, work layout, and working relationships among health care providers, administrators, and support staff. Results reported might include input data, such as the extent of training, but the main emphasis should be on data that show effectiveness or outcomes. An example of such an

outcome measure might be the productivity enhancements or cost savings resulting from the redesign of work processes by work teams.

- Results reported might include generic or organization-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons might be appropriate. Organization-specific factors are those you assess for determining your work system performance and your staff's well-being and satisfaction. These factors might include the extent of training or cross-training or the extent and success of self-direction.

7.5 Organizational Effectiveness Outcomes: What are your organizational effectiveness results?

Purpose

This Item examines your organization's other key operational performance results not reported in Items 7.1–7.4, with the aim of achieving organizational effectiveness and process efficiency.

Comments

- This Item encourages your organization to develop and include unique and innovative measures to track key processes and operational improvement. All key areas of health care service delivery and operational performance should be evaluated by measures that are relevant and important to your organization.
- Measures and indicators of operational effectiveness and efficiency might include internal responsiveness indicators, such as cycle times and turnaround times; utilization rates; waste reduction, such as reducing repeat diagnostic tests; cost reduction; strategic indicators, such as innovation rates, time to new health care service introduction, and increased use of e-technology; and supply chain indicators, such as reductions in inventory, increases in quality and productivity, such as Six Sigma initiative results, improvements in electronic data exchange, and reductions in supply chain management costs.

7.6 Leadership and Social Responsibility Outcomes: What are your leadership and social responsibility results?

Purpose

This Item examines your organization's key results in the areas of leadership and societal responsibilities, with the aim of maintaining a fiscally sound, ethical organization that is a good citizen in its communities.

Comments

- Because of a lack of appropriate measures, a key challenge for many organizations is measuring their progress in accomplishing their strategic objectives. Frequently, these progress measures can be discerned by first defining the results that would indicate end-goal success in achieving the strategic objective and then using that measure to define intermediate measures.
- Independent of an increased national focus on issues of governance, ethics, and leadership accountability, it is important for organizations to practice and demonstrate high standards of overall conduct. Governance bodies and senior leaders should track relevant performance measures on a regular basis and emphasize this performance in stakeholder communications.
- Results reported should include key accreditation and regulatory review findings, patient safety data, staff licensure and recertification determinations, external audits, proficiency testing results, and utilization review results, as appropriate.
- Results reported should include environmental, legal, and regulatory compliance; results of oversight audits by government or funding agencies; and noteworthy achievements in these areas, as appropriate. Results also should include indicators of support for key communities and other public purposes, including contributions to improving community health.
- If your organization has received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past three years, the incidents and their current status should be summarized.

SCORING SYSTEM

The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on two evaluation dimensions: (1) Process and (2) Results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given on pages 56–57.

Process

“Process” refers to the methods your organization uses and improves to address the Item requirements in Categories 1–6. The four factors used to evaluate process are Approach, Deployment, Learning, and Integration (A-D-L-I).

“Approach” refers to

- the methods used to accomplish the process
- the appropriateness of the methods to the Item requirements
- the effectiveness of your use of the methods
- the degree to which the approach is repeatable and based on reliable data and information (i.e., systematic)

“Deployment” refers to the *extent* to which

- your approach is applied in addressing Item requirements relevant and important to your organization
- your approach is applied consistently
- your approach is used by all appropriate work units

“Learning” refers to

- refining your approach through cycles of evaluation and improvement
- encouraging breakthrough change to your approach through innovation
- sharing refinements and innovations with other relevant work units and processes in your organization

“Integration” refers to the *extent* to which

- your approach is aligned with your organizational needs identified in other Criteria Item requirements
- your measures, information, and improvement systems are complementary across processes and work units
- your plans, processes, results, analyses, learning, and actions are harmonized across processes and work units to support organization-wide goals

Results

“Results” refers to your organization’s *outputs and outcomes* in achieving the requirements in Items 7.1–7.6. The four factors used to evaluate results are

- your current level of performance
- rate (i.e., slope of trend data) and breadth (i.e., how

widely deployed and shared) of your performance improvements

- your performance relative to appropriate comparisons and/or benchmarks
- linkage of your results measures (often through segmentation) to important customer, product and service, market, process, and action plan performance requirements identified in your Organizational Profile and in Process Items

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and data you are expected to furnish relative to the two evaluation dimensions given above.

The two types of Items are designated as

1. Process

Process

2. Results

Results

In Process Items, Approach-Deployment-Learning-Integration are linked to emphasize that descriptions of approach should always indicate the deployment—consistent with the *specific requirements* of the Item. As processes mature, their description also should indicate how cycles of learning, as well as integration with other processes and work units, occur. Although the Approach-Deployment-Learning-Integration factors are linked, feedback to Award applicants reflects strengths and opportunities for improvement in any or all of these factors.

Results Items call for data showing performance levels, improvement rates, and relevant comparative data for key measures and indicators of organizational performance. Results Items also call for data on breadth of performance improvements. This is directly related to deployment and organizational learning; if improvement processes are widely shared and deployed, there should be corresponding results. A score for a Results Item is thus a composite based on overall performance, taking into account the rate and breadth of improvements and their importance to the Item requirements and your organization or mission. (See next paragraph.)

“Importance” as a Scoring Consideration

The two evaluation dimensions described previously are critical to evaluation and feedback. However, another critical consideration in evaluation and feedback is the *importance* of your reported process and results to your key business factors. The areas of greatest importance should be identified in your Organizational Profile and in Items such as 2.1, 2.2, 3.1, 5.1, and 6.1. Your key patient and other customer requirements, competitive environment, key strategic objectives, and action plans are particularly important.

Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to Item responses.

- All Areas to Address should be included in your Item response. Also, responses should reflect what is important to your organization.
- In assigning a score to an Item, first decide which scoring range (e.g., 50 percent to 65 percent) is most descriptive of the organization's achievement level as presented in the Item response. "Most descriptive of the organization's achievement level" can include some gaps in one or more of the A-D-L-I (process) factors *or* results factors for the chosen scoring range. An organization's achievement level is based on a holistic view of either the four process or four results factors in aggregate and not on a tallying or averaging of independent assessments against each of the four factors. Assigning the actual score *within* the chosen range requires evaluating whether the Item response is closer to the statements in the next higher or next lower scoring range.
- A Process Item score of 50 percent represents an approach that meets the overall requirements of the Item, that is deployed consistently and to most work units covered by the Item, that has been through some cycles of improvement and learning, and that addresses the key organizational needs. Higher scores reflect greater achievement, demonstrated by broader deployment, significant organizational learning, and increased integration.
- A Results Item score of 50 percent represents a clear indication of improvement trends and/or good levels of performance with appropriate comparative data in the results areas covered in the Item and *important* to the organization. Higher scores reflect better improvement rates and/or levels of performance, better comparative performance, and broader coverage and integration with health care requirements.

SCORING GUIDELINES

For Use With Categories I–6

SCORE	PROCESS
0% or 5%	<ul style="list-style-type: none"> ■ No SYSTEMATIC APPROACH is evident; information is ANECDOTAL. (A) ■ Little or no DEPLOYMENT of an APPROACH is evident. (D) ■ An improvement orientation is not evident; improvement is achieved through reacting to problems. (L) ■ No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	<ul style="list-style-type: none"> ■ The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the Item is evident. (A) ■ The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in achieving the BASIC REQUIREMENTS of the Item. (D) ■ Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) ■ The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)
30%, 35%, 40%, or 45%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D) ■ The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L) ■ The APPROACH is in early stages of ALIGNMENT with your basic organizational needs identified in response to the other Criteria Categories. (I)
50%, 55%, 60%, or 65%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D) ■ A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organizational LEARNING are in place for improving the efficiency and EFFECTIVENESS of KEY PROCESSES. (L) ■ The APPROACH is ALIGNED with your organizational needs identified in response to the other Criteria Categories. (I)
70%, 75%, 80%, or 85%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is well DEPLOYED, with no significant gaps. (D) ■ Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING are KEY management tools; there is clear evidence of refinement and INNOVATION as a result of organizational-level ANALYSIS and sharing. (L) ■ The APPROACH is INTEGRATED with your organizational needs identified in response to the other Criteria Items. (I)
90%, 95%, or 100%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D) ■ Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING are KEY organization-wide tools; refinement and INNOVATION, backed by ANALYSIS and sharing, are evident throughout the organization. (L) ■ The APPROACH is well INTEGRATED with your organizational needs identified in response to the other Criteria Items. (I)



SCORING GUIDELINES

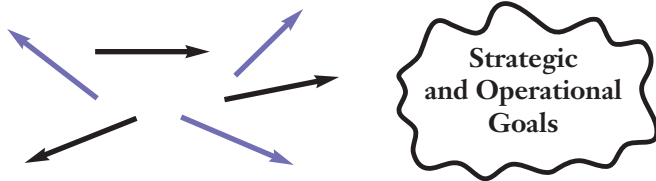
For Use With Category 7

SCORE	RESULTS
0% or 5%	<ul style="list-style-type: none"> There are no organizational PERFORMANCE RESULTS or poor RESULTS in areas reported. TREND data are either not reported or show mainly adverse TRENDS. Comparative information is not reported. RESULTS are not reported for any areas of importance to your KEY MISSION or organizational requirements.
10%, 15%, 20%, or 25%	<ul style="list-style-type: none"> A few organizational PERFORMANCE RESULTS are reported; there are some improvements and/or early good PERFORMANCE LEVELS in a few areas. Little or no TREND data are reported. Little or no comparative information is reported. RESULTS are reported for a few areas of importance to your KEY MISSION or organizational requirements.
30%, 35%, 40%, or 45%	<ul style="list-style-type: none"> Improvements and/or good PERFORMANCE LEVELS are reported in many areas addressed in the Item requirements. Early stages of developing TRENDS are evident. Early stages of obtaining comparative information are evident. RESULTS are reported for many areas of importance to your KEY MISSION or organizational requirements.
50%, 55%, 60%, or 65%	<ul style="list-style-type: none"> Improvement TRENDS and/or good PERFORMANCE LEVELS are reported for most areas addressed in the Item requirements. No pattern of adverse TRENDS and no poor PERFORMANCE LEVELS are evident in areas of importance to your KEY MISSION or organizational requirements. Some TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of good to very good relative PERFORMANCE. Organizational PERFORMANCE RESULTS address most KEY PATIENT and other CUSTOMER, market, and PROCESS requirements.
70%, 75%, 80%, or 85%	<ul style="list-style-type: none"> Current PERFORMANCE is good to excellent in most areas of importance to the Item requirements. Most improvement TRENDS and/or current PERFORMANCE LEVELS are sustained. Many to most reported TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of leadership and very good relative PERFORMANCE. Organizational PERFORMANCE RESULTS address most KEY PATIENT and other CUSTOMER, market, PROCESS, and ACTION PLAN requirements.
90%, 95%, or 100%	<ul style="list-style-type: none"> Current PERFORMANCE is excellent in most areas of importance to the Item requirements. Excellent improvement TRENDS and/or sustained excellent PERFORMANCE LEVELS are reported in most areas. Evidence of health care sector and BENCHMARK leadership is demonstrated in many areas. Organizational PERFORMANCE RESULTS fully address KEY PATIENT and other CUSTOMER, market, PROCESS, and ACTION PLAN requirements.

Steps Toward Mature Processes

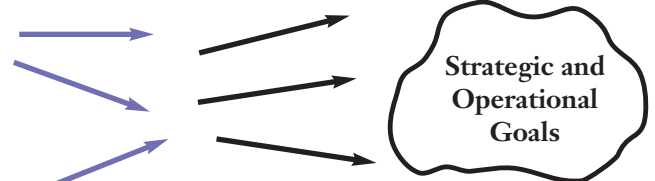
An Aid for Scoring Process Items

(1) Reacting to Problems



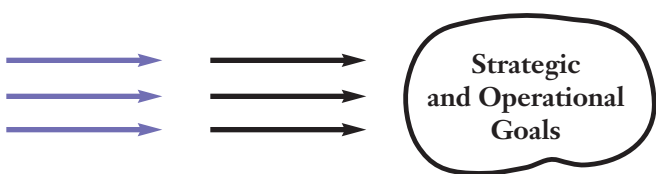
Operations are characterized by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

(2) Early Systematic Approaches



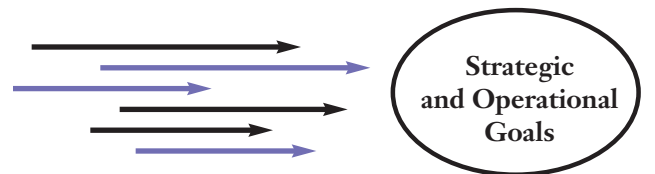
The organization is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early coordination among organizational units. Strategy and quantitative goals are being defined.

(3) Aligned Approaches



Operations are characterized by processes that are repeatable and regularly evaluated for improvement, with learnings shared and with coordination among organizational units. Processes address key strategies and goals of the organization.

(4) Integrated Approaches



Operations are characterized by processes that are repeatable and regularly evaluated for change and improvement in collaboration with other affected units. Efficiencies across units are sought and achieved through analysis, innovation, and sharing. Processes and measures track progress on key strategic and operational goals.



2006 HEALTH CARE CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the 19 Criteria Items. Writing an application for the Baldrige Award involves responding to these requirements in 50 or fewer pages.

The guidelines are presented in three parts:

- (1) General Guidelines regarding the Criteria booklet, including how the Items are formatted
- (2) Guidelines for Responding to Process Items
- (3) Guidelines for Responding to Results Items

General Guidelines

I. Read the entire Criteria booklet.

The main sections of the booklet provide a full orientation to the Criteria, including how responses are to be evaluated for self-assessment or by Award Examiners. You should become thoroughly familiar with the following sections:

- Health Care Criteria for Performance Excellence (pages 12–36)
- Scoring System (pages 55–58)
- Glossary of Key Terms (pages 69–76)
- Category and Item Descriptions (pages 40–54)

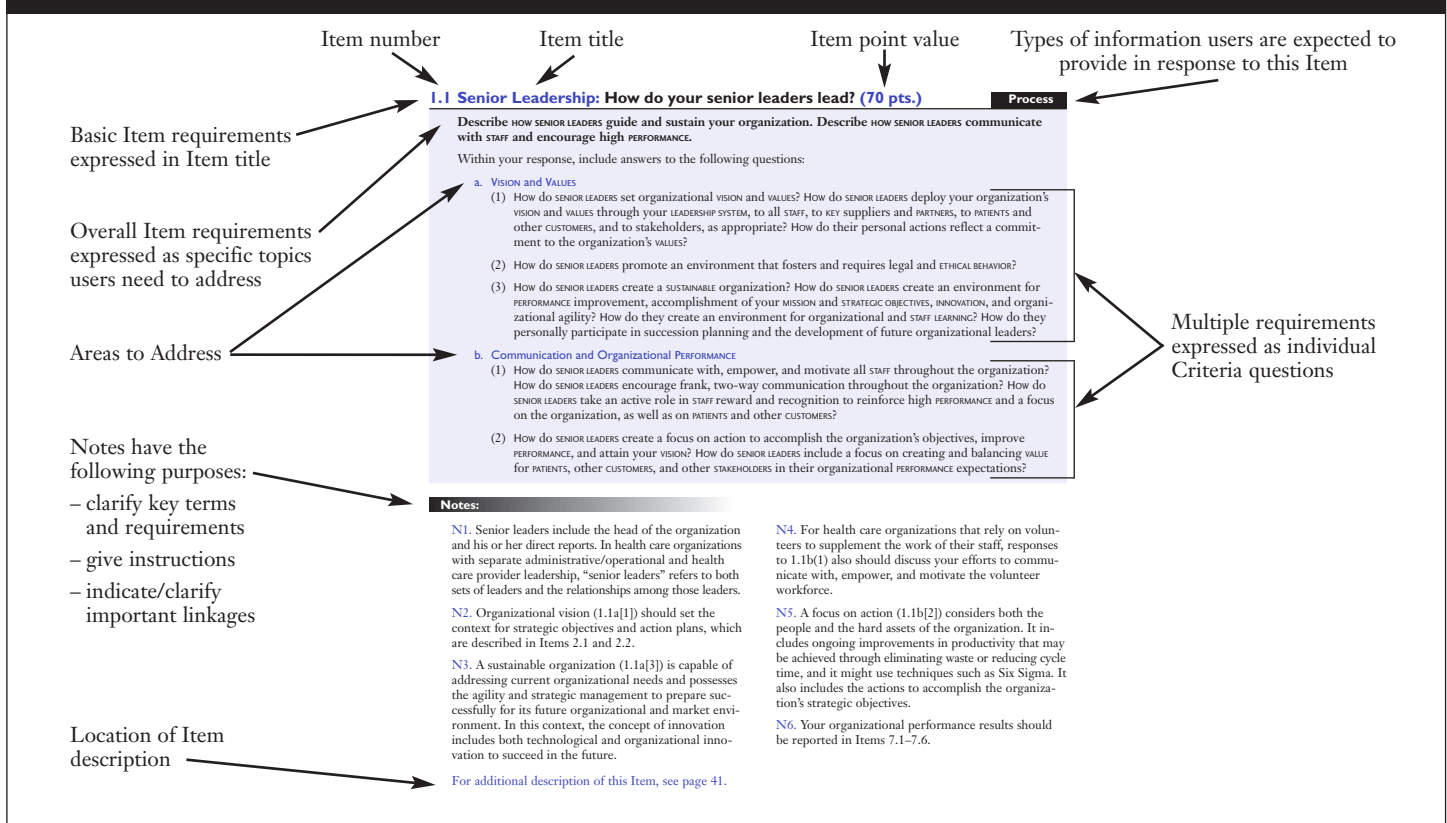
2. Review the Item format and understand how to respond to the Item requirements.

The Item format (see figure below) shows the different parts of Items, the role of each part, and where each part is placed. It is especially important to understand the multiple requirements contained in the Areas to Address. The Item Notes are an aid to help you understand the Areas to Address. Each Item and Area to Address is described in greater detail in the Category and Item Descriptions section (pages 40–54).

Each Item is classified as either **Process** or **Results**, depending on the type of information required. Guidelines for responding to Process Items are given on pages 60–61. Guidelines for responding to Results Items are given on pages 61–62.

Item requirements are presented in question format. Some of the requirements in the Areas to Address include multiple questions. Responses to an Item should contain responses that address all questions; however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, as appropriate to your organization. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

Item Format





3. Start by preparing the Organizational Profile.

The Organizational Profile is the most appropriate starting point. The Organizational Profile is intended to help everyone—including organizations using the Criteria for self-assessment, application writers, and reviewers—to understand what is most relevant and important to your organization's performance as a health care provider. The questions to address in responding to the Organizational Profile are on pages 12–14. The Organizational Profile is described in greater detail on pages 40–41.

Guidelines for Responding to Process Items

Although the Criteria focus on key organizational performance results, these results by themselves offer little *diagnostic* value. For example, if some results are poor or are improving at rates slower than your competitors' or comparable organizations', it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of Process Items is to permit diagnosis of your organization's *most important* processes—the ones that yield fast-paced organizational performance improvement and contribute to key outcomes or performance results. Diagnosis and feedback depend heavily on the content and completeness of your Item responses. For this reason, it is important to respond to these Items by providing your *key* process information. Guidelines for organizing and reviewing such information follow.

1. Understand the meaning of “how.”

Process Items include questions that begin with the word “how.” *Responses should outline your key process information that addresses approach, deployment, learning, and integration (see page 55).* Responses lacking such information, or

merely providing an example, are referred to in the Scoring Guidelines as “anecdotal information.”

2. Understand the meaning of “what.”

Two types of questions in Process Items begin with the word “what.” The first type of question requests basic information on key processes and how they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis or feedback. The second type of question requests information on *what* your key findings, plans, objectives, goals, or measures are. These latter questions set the context for showing alignment and integration in your performance management system. For example, when you identify key strategic objectives, your action plans, human resource development plans, some of your performance measures, and some results reported in Category 7 are expected to relate to the stated strategic objectives.

3. Write and review response(s) with the following guidelines and comments in mind.

■ Show that approaches are *systematic*.

Systematic approaches are repeatable and use data and information to enable learning. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, innovation, and sharing, thereby permitting a gain in maturity.

■ Show deployment.

Deployment information should summarize how your approaches are implemented in different parts of your organization. Deployment can be shown compactly by using tables.

■ Show evidence of learning.

Processes should include evaluation and improvement cycles, as well as the potential for breakthrough change. Process improvements should be shared with other appropriate units of the organization to enable organizational learning.

■ Show integration.

Integration shows alignment and harmonization among processes, plans, measures, and actions that generate organizational effectiveness and efficiencies.

■ Show focus and consistency.

There are four important considerations regarding focus and consistency: (1) the Organizational Profile should make clear what is important; (2) the Strategic Planning Category, including the strategic objectives and action plans, should highlight areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organizational-level analysis and review (Item 4.1) should show how your organization analyzes and reviews performance information to set priorities; and (4) the Process Management Category

should highlight processes that are key to your overall performance. *Showing focus and consistency in the Process Items and tracking corresponding measures in the Results Items should improve organizational performance.*

- Respond fully to Item requirements.

Missing information will be interpreted as a gap in your process. All Areas to Address should be addressed. Individual questions within an Area to Address may be addressed individually or together.

4. Cross-reference when appropriate.

As much as possible, each Item response should be self-contained. However, responses to different Items might be mutually reinforcing. It is then appropriate to refer to the other responses rather than to repeat information. In such cases, key process information should be given in the Item requesting this information. For example, staff education and training should be described in detail in Item 5.2. Discussions about education and training elsewhere in your application would then reference but not repeat details given in your Item 5.2 response.

5. Use a compact format.

Applicants should make the best use of the 50 application pages permitted. Applicants are encouraged to use flowcharts, tables, and “bullets” to present information concisely.

6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Process Item responses include the Criteria Item requirements and the maturity of your approaches, breadth of deployment, extent of learning, and integration with other elements of your performance management system, as described in the Scoring Guidelines (page 56). Therefore, you need to consider both the Criteria and the Scoring Guidelines.

Guidelines for Responding to Results Items

The Health Care Criteria place a major emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.

1. Focus on the most critical organizational performance results.

Results reported should cover the most important requirements for your organization’s success, highlighted in your Organizational Profile and in the Strategic Planning; Focus on Patients, Other Customers, and Markets; and Process Management Categories.

2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data:

- *performance* levels that are reported on a meaningful measurement scale



- *trends* to show directions of results and rates of change
- *comparisons* to show how results compare with those of other, appropriately selected organizations
- *breadth and importance of results* to show that all important results are included and segmented (e.g., by patient/customer, staff, process, and health care service)

3. Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. Trends might span five years or more for some results. Time intervals between data points should be meaningful for the specific measure(s) reported. For important results, new data should be included even if trends and comparisons are not yet well established.

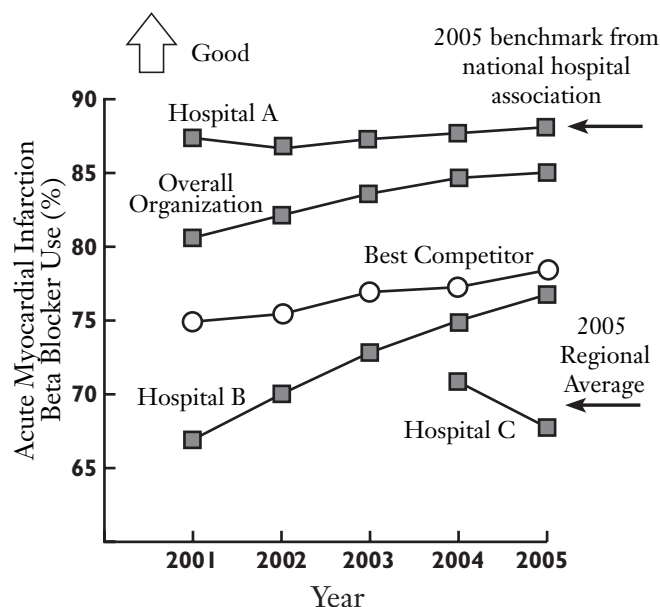
4. Use a compact format—graphs and tables.

Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be “normalized” (i.e., presented in a way, such as use of ratios, that takes into account various size factors). For example, reporting safety trends in terms of needle sticks per 100 staff members would be more meaningful than total needle sticks if the number of staff has varied over the time period or if you are comparing your results to organizations differing in size.

5. Integrate results into the body of the text.

Discussion of results and the results themselves should be close together in an Award application. *Trends that show a significant positive or negative change should be explained.*

Figure 7.1-3 Beta Blocker Use



Use figure numbers that correspond to Items. For example, the third figure for Item 7.1 would be Figure 7.1-3. (See the example in the figure above.)

The graph shown above illustrates data an organization might present as part of a response to Item 7.1, Health Care and Service Delivery Outcomes. In the Organizational Profile, the organization has indicated use of beta blockers with acute myocardial infarction as a key requirement.

The graph shown above illustrates a number of characteristics of clear and effective results reporting.

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for a key patient/customer requirement—use of beta blockers with acute myocardial infarction.
- Results are presented for several years for this three-hospital system.
- An arrow indicates that an upward trend is good for this measure.
- Appropriate comparisons are clearly shown.
- The organization shows, using a single graph, that its three hospitals are separately tracked for beta blocker use.

To help interpret the Scoring Guidelines (page 58), the following comments on the graphed results would be appropriate:

- The current overall organizational performance level is good. This conclusion is supported by the comparison with competitors and with a benchmark level.
- The organization shows excellent improvement trends.
- Hospital A is the current performance leader—showing sustained high performance and a slightly positive trend. Hospital B shows rapid improvement. It is near that of the best competitor but trails the benchmark level.
- Hospital C—identified as a new acquisition in the application—is having early problems with ensuring beta blocker use. (The organization should explain briefly these early problems.)

6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Results Item responses include the Criteria Item requirements and the significance of the results trends, actual performance levels, relevant comparative data, alignment with important elements of your performance management system, and strength of the improvement process relative to the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines (page 58).



APPLYING FOR THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

The Malcolm Baldrige National Quality Award is an annual Award to recognize U.S. organizations for performance excellence.

Award Purpose

The Award promotes

- awareness of performance excellence as an increasingly important element in competitiveness
- information sharing of successful performance strategies and the benefits derived from using these strategies

Award Participation

The Award eligibility categories include

- manufacturing businesses
- service businesses
- small businesses

- education organizations
- health care organizations

Copies of the Business and Education Criteria booklets are available, and ordering information can be found on pages 67–68.

Up to three awards may be given in each category each year. Depending on the number of staff, up to five subunits of a single parent may apply for the Award during the same Award cycle.

To participate in the Award process, an organization must submit an application package that addresses the Health Care Criteria for Performance Excellence (pages 12–36).

Application Requirements

Applying for the Award is a two-step process. A brief description of these steps is provided on page 64. Detailed information on the requirements and contents of the Eligibility Certification Package and the Application

FEES FOR THE 2006 AWARD CYCLE

Award Category	Eligibility Fee	Application Fee*	Supplemental Section Fee (if applicable)**	Site Visit Fee Usual Range (if applicable)***
Manufacturing	\$150	\$5,000	\$2,000	\$20,000–\$35,000
Service	\$150	\$5,000	\$2,000	\$20,000–\$35,000
Small Business	\$150	\$2,000	\$1,000	\$10,000–\$17,000
Education Nonprofit	\$150	\$ 500	\$ 250	\$ 1,500
Education For-profit >500 faculty/staff	\$150	\$5,000	\$2,000	\$20,000–\$35,000
Education For-profit 500 or fewer faculty/staff	\$150	\$2,000	\$1,000	\$10,000–\$17,500
Health Care >500 staff	\$150	\$5,000	\$2,000	\$20,000–\$35,000
Health Care 500 or fewer staff	\$150	\$2,000	\$1,000	\$10,000–\$17,500

* An additional processing fee of \$1,250 is required for applications submitted on a CD.

** Supplemental sections are **not** applicable for applicants with (a) a single performance system that supports all of their product and/or service lines and (b) products and services that are essentially similar in terms of customers and/or users, technology, types of employees, and planning.

*** Site Visit Review Fee

This fee is paid only by applicants receiving site visits. The fee is set when visits are scheduled and is dependent on a number of factors, including the number of sites to be visited, the number of Examiners assigned, and the duration of the visit.

The site visit fee for applicants with more than 500 employees in the manufacturing, service, for-profit education, and health care sectors usually ranges between \$20,000 and \$35,000. The site visit fee for small businesses, for-profit education organizations with 500 or fewer faculty/staff, and health care organizations with 500 or fewer staff is approximately one-half that rate. In 2006, the site visit fee for nonprofit education organizations is \$1,500. The site visit fee for all organizations is due to ASQ two weeks after completion of the site visit.

Package, due dates, and fees is provided in the *Baldrige Award Application Forms*, which can be downloaded at www.baldrige.nist.gov/Award_Application.htm.

Step 1, Eligibility Certification Package

Organizations filing an Eligibility Certification Package may nominate one senior member of their staff to serve on the Board of Examiners. Organizations that wish to reserve a place on the board for a staff member must submit their Eligibility Certification Packages by March 10, 2006. If an organization chooses not to nominate someone to the board, the due date for the Eligibility Certification Package is April 11, 2006.

Step 2, Application Package

The Application Package may be submitted in either CD/PDF format or on paper.

If submitted in CD/PDF format, the Application Package must be postmarked no later than May 11, 2006. If submitted on paper, 25 copies of the Application Package must be postmarked no later than May 25, 2006.

Application Review

Applications are reviewed and evaluated by members of the Board of Examiners, who adhere to strict rules regarding conflict of interest, using the following process:

- Stage 1 - independent review and evaluation by at least six members of the board
- Stage 2 - consensus review and evaluation for applicants that score well in Stage 1
- Stage 3 - site visits to applicants that score well in Stage 2
Judges' review and recommendations of Award recipients

Feedback to Applicants

Each Award applicant receives a feedback report at the conclusion of the review process. The feedback report is a written assessment by an evaluation team of leading U.S. experts.

The feedback report contains an applicant-specific listing of strengths and opportunities for improvement based on the Criteria. Used by companies, education organizations, and health care organizations as part of their strategic planning processes, the feedback report helps organizations focus on their customers and improve overall performance. Feedback is one of the most important parts of the Baldrige Award process; it provides a pathway for improvement.

Feedback reports are mailed at various times during the Award cycle, based on the stage of review an application reaches in the evaluation process. Strict confidentiality is observed at all times and in every aspect of application review and feedback.

Award Recipients

Award recipients may publicize and advertise their Awards. Recipients are expected to share information about their successful performance strategies with other U.S. organizations.

**Eligibility Certification Packages with a nomination
to the Board of Examiners due—March 10, 2006**

**Eligibility Certification Packages without a nomination
to the Board of Examiners due—April 11, 2006**

Award Application Packages submitted on a CD due—May 11, 2006

Award Application Packages submitted on paper due—May 25, 2006

If your organization is applying in either the business or education category, refer to the appropriate sector-specific Criteria booklet and the *Baldrige Award Application Forms*. (See pages 67–68.)

SUMMARY OF HEALTH CARE ELIGIBILITY AND RESTRICTIONS

Important Facts About Applying for the Award

- Criteria contained in this booklet should be used only for the health care eligibility category. Applicants in the business (manufacturing, service, and small business) and education eligibility categories should use the *Criteria for Performance Excellence* and the *Education Criteria for Performance Excellence* booklets, respectively.
- The following is a summary of the eligibility rules for the health care category. Summaries of the eligibility rules for the business and education categories are in their respective Criteria booklets. For-profit education or health care organizations may apply under the service or small business categories, as appropriate, using these Criteria or under the health care or education categories, using their respective Criteria. If there is a question on eligibility, check the complete eligibility rules in the *Baldrige Award Application Forms* or call the Baldrige National Quality Program Office at (301) 975-2036.
- Whatever your Award eligibility category, you will need the *Baldrige Award Application Forms* before proceeding. You can download the document from our Web site at www.baldrige.nist.gov/Award_Application.htm.

Basic Eligibility

Public Law 100-107 includes provisions to expand or modify the list of Award categories. Beginning with the 1999 Award cycle, two new eligibility categories—education and health care—were added. Participation is open to for-profit and nonprofit public and private organizations, government organizations, and some subunits—including U.S. subunits of foreign organizations—located in the United States and its territories—that are primarily engaged in furnishing medical, surgical, or other health services directly to persons.

Eligibility is intended to be as open as possible. For example, eligible organizations include hospitals, HMOs, long-term care facilities, health care practitioner offices, home health agencies, and dialysis centers. Organizations that do not provide health services directly to persons, such as social service agencies, health insurance companies, or medical/dental laboratories, are ineligible to apply for the Award under the health care category. However, such organizations—if they are for-profit organizations—may be eligible to apply for the Award under the small business or service categories.

Eligibility of Subunits

A subunit is a unit or division of a larger organization. The larger organization that owns, holds, or has organizational or financial control of a subunit is the “parent.” A parent is the highest level of an organization that would be eligible to apply for the Award. To be eligible, the subunit must be

self-sufficient enough to be examined in all seven Criteria Categories, and it must be a discrete entity that is readily distinguishable from other parts of the parent organization. It cannot be primarily a support function (e.g., housekeeping, radiology, member services, finance and accounting, billing, human resources, purchasing, legal services, and health care research).

Other Restrictions on Eligibility

Location: An applicant is eligible only if the operational practices associated with all of its major organizational functions are examinable in the United States or its territories. For eligibility purposes, overseas U.S. military installations and embassies do not constitute U.S. territories. If some of an applicant’s activities are performed outside its immediate organization (e.g., by overseas components, a parent organization, or other subunits), the applicant must ensure that

- in the event of a site visit, the appropriate personnel and materials will be available for examination in the United States to document operational practices in all major organizational functions; and
- in the event the applicant receives the Award, the applicant will be able to share information on the seven Criteria Categories at The Quest for Excellence Conference and at its U.S. facilities. Sharing beyond The Quest for Excellence Conference is on a voluntary basis.

Multiple-Application Restrictions: A subunit and its parent may not both apply for the Award in the same year. In some cases, more than one subunit of a parent may apply. If the *parent* organization, including all of its subunits, has

- 0–1,000 employees, one applicant per parent per eligibility category may apply
- 1,001–20,000 employees, two applicants per parent per eligibility category may apply
- more than 20,000 employees, two applicants per parent per eligibility category for the first 20,000, plus one per 20,000 or fraction thereof above 20,000 per parent per category, may apply

In no case can more than five applications (all Award categories combined) be submitted from the same parent organization in the same year.

Future Eligibility Restrictions: If an organization or a subunit that has over 50 percent of the total employees of the parent receives an Award, the organization and all its subunits are ineligible to apply for another Award for a period of five years. If a subunit receives an Award, that subunit and all its subunits are ineligible to apply for another Award for a period of five years. After five years, Award recipients are eligible to reapply for the Award or to apply “for feedback only.”

Eligibility Forms

Potential applicants must certify their eligibility prior to applying for the Award. Potential applicants for the 2006 Award are encouraged to submit their Eligibility Certification Packages as soon as possible but no later than April 11,

2006. In order to reserve a place on the Board of Examiners for a member of your organization's senior staff, the package must be submitted no later than March 10, 2006. The forms and necessary information are contained in the *Baldrige Award Application Forms*.



HOW TO OBTAIN COPIES OF BALDRIGE NATIONAL QUALITY PROGRAM MATERIALS

Note: If you are planning to apply for the Award, you will need the *Baldrige Award Application Forms* in addition to the Criteria booklet.

Individual Copies

Individual copies of the Criteria booklets may be obtained free of charge from

Baldrige National Quality Program
National Institute of Standards and Technology
Administration Building, Room A600
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020
Telephone: (301) 975-2036
Fax: (301) 948-3716
E-mail: nqp@nist.gov

In addition, the Criteria booklets and the *Baldrige Award Application Forms* may be downloaded from our Web site at www.baldrige.nist.gov/Criteria.htm and www.baldrige.nist.gov/Award_Application.htm, respectively.

Bulk Orders

Multiple copies of the *2006 Criteria for Performance Excellence* booklets may be ordered in packets of 10 for \$39.95 plus shipping and handling from the American Society for Quality (ASQ).

2006 Business Criteria—Item Number T1510
2006 Education Criteria—Item Number T1511
2006 Health Care Criteria—Item Number T1512

How to Order

ASQ offers four convenient ways to order:

- For fastest service, call toll free (800) 248-1946 in the United States and Canada (in Mexico, dial toll-free 95-800-248-1946). Have item numbers, your credit card or purchase order number, and (if applicable) ASQ member number ready.
- Or fax your completed order form to ASQ at (414) 272-1734.
- Or mail your order to ASQ Customer Care Center, P.O. Box 3005, Milwaukee, WI 53201-3066.
- Or order online by accessing ASQ's Web site at www.asq.org.

Payment

Your payment options include check, money order, U.S. purchase order, VISA, MasterCard, or American Express. Payment must be made in U.S. currency; checks and money

orders must be drawn on a U.S. financial institution. All international orders must be prepaid. Please make checks payable to ASQ.

Shipping Fees

The following shipping and processing schedule applies to all orders within the United States and Canada.

Order Amount	U.S. Charges	Canadian Charges
Up to \$34.99	\$ 4.25	\$ 9.25
\$35.00–\$99.99	6.50	11.50
Over \$100.00	12.50*	17.50*

- There is a shipping and processing charge of 25 percent of the total order amount for shipments outside the United States and Canada.
- Orders shipped within the continental United States and Canada where UPS service is available will be shipped by UPS.
- Please allow one to two weeks for delivery. International customers, please allow six to eight weeks for delivery.
- Your credit card will not be charged until your items are shipped. Shipping and processing are charged one time, up front, for the entire order.

*If actual shipping charges exceed \$12.50 (\$17.50 Canadian), ASQ will invoice the customer for the additional expense.

Baldrige Educational Materials

Each year, the Baldrige National Quality Program develops materials for training members of the Board of Examiners and for sharing information on the successful performance excellence strategies of the Award recipients. The following items are samples of the educational materials that are available.

Case Studies

Case study packets contain a case study and five additional documents: an executive summary, the related *Criteria for Performance Excellence* booklet, the case study scorebook, the case study feedback report, and a blank *Baldrige Scorebook*. The case studies, when used with the Criteria, are valuable resources to Award applicants and other users of the Criteria. They illustrate the Award application and review process and provide examples of how to respond to the Criteria requirements and format an application. Together, the case study packet documents furnish information on scoring, the examination processes, and much more. A variety of case study packets are available. The 2002, 2003, 2004, and 2005 case study packets are available only online. Case study packets from prior years are available online and in hard copy. For ordering information, see the next page.

2005 Business Case Study Packet: Landmark Dining, Inc. (based on the *2005 Criteria for Performance Excellence*)

Available in e-format (PDF version) at
www.baldrige.nist.gov/Landmark.htm

2004 Education Case Study Packet: Sandy Hill School District (based on the *2004 Education Criteria for Performance Excellence*)

Available in e-format (PDF version) at
www.baldrige.nist.gov/Sandy_Hill.htm

2003 Business Case Study Packet: GeoOrb Polymers, North America (based on the *2003 Criteria for Performance Excellence*)

Available in e-format (PDF version) at
www.baldrige.nist.gov/GeoOrb.htm

2002 Health Care Case Study Packet: CapStar Health System (based on the *2002 Health Care Criteria for Performance Excellence*)

Available in e-format (PDF version) at
www.baldrige.nist.gov/CapStar.htm

1998 Business Case Study Packet: Gemini Home Health Service (based on the *1998 Criteria for Performance Excellence*)

Item Number T1083: \$49.95 plus shipping and handling

Award Recipients DVD

The Award recipients DVD is a valuable resource for gaining a better understanding of performance excellence and quality achievement. The DVD provides background information on the Baldrige National Quality Program, highlights from the annual Award ceremony, and interviews with representatives from the Award recipients' organizations. Information on the 2005 Award recipients DVD is provided below.

2005—Item Number T1513 \$35.00
(Available May 2006)

How to Order Educational Materials

To order a case study packet developed prior to 2002, bulk orders of the 2006 Criteria booklets, or the Award recipients DVD, contact

ASQ Customer Care Center
P.O. Box 3005
Milwaukee, WI 53201-3066
Telephone: (800) 248-1946
Fax: (414) 272-1734
E-mail: asq@asq.org
Web site: www.asq.org

The Baldrige National Quality Program welcomes your comments on the Criteria or any of the Baldrige Award processes. Please address your comments to

2006 Health Care Criteria for Performance Excellence
Baldrige National Quality Program
National Institute of Standards and Technology
Administration Building, Room A600
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020

or E-mail: nqp@nist.gov
or Web site: www.baldrige.nist.gov

GLOSSARY OF KEY TERMS

This Glossary of Key Terms defines and briefly describes terms used throughout the Health Care Criteria booklet that are important to performance management. As you may have noted, key terms are presented in SMALL CAPS/SANS SERIF every time they appear in the Categories and Scoring Guidelines sections of this Criteria booklet.

Action Plans

The term “action plans” refers to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective, organization-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creating aligned measures for all departments and work units. Deployment also might require specialized training for some staff or recruitment of personnel.

An example of a strategic objective for a health system in an area with an active business alliance focusing on cost and quality of health care might be to become the low-cost provider. Action plans could entail designing efficient processes to minimize length of hospital stays, analysis of resource and asset use, and analysis of the most commonly encountered DRGs with a focus on preventive health in those areas. Deployment requirements might include department/work unit and staff training in setting priorities based on costs and benefits. Organizational-level analysis and review likely would emphasize process efficiency, cost per member, and health care quality.

See also the definition of “strategic objectives” on page 75.

Alignment

The term “alignment” refers to consistency of plans, processes, information, resource decisions, actions, results, and analysis to support key organization-wide goals. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the department or work unit level.

See also the definition of “integration” on page 72.

Analysis

The term “analysis” refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall organizational analysis guides the management of processes toward achieving key organizational performance results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Effective actions depend on an understanding of relationships, derived from analysis of facts and data.

Anecdotal

The term “anecdotal” refers to process information that lacks specific methods, measures, deployment mechanisms, and evaluation/improvement/learning factors. Anecdotal information frequently uses examples and describes individual activities rather than systematic processes.

An anecdotal response to how senior leaders deploy performance expectations might describe a specific occasion when a senior leader visited all of the organization’s facilities. On the other hand, a systematic process might describe the communication methods used by all senior leaders to deliver performance expectations on a regular basis to all staff locations, the measures used to assess effectiveness of the methods, and the tools and techniques used to evaluate and improve the communication methods.

Approach

The term “approach” refers to the methods used by an organization to address the Baldrige Criteria Item requirements. Approach includes the appropriateness of the methods to the Item requirements and the effectiveness of their use.

Approach is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 55–58.

Basic Requirements

The term “basic requirements” refers to the topic Criteria users need to address when responding to the most central concept of an Item. Basic requirements are the fundamental theme of that Item (e.g., your approach for strategy development for Item 2.1). In the Criteria, the basic requirements of each Item are presented as the Item title question. This presentation is illustrated in the Item format shown on page 59.

Benchmarks

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organization’s industry. Organizations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (nonincremental) or breakthrough improvement.

Benchmarks are one form of comparative data. Other comparative data organizations might use include information obtained from other organizations through sharing or

contributing to external reference databases, information obtained from the open literature (e.g., outcomes of research studies and practice guidelines), data gathering and evaluation by independent organizations (e.g., CMS, accrediting organizations, and commercial organizations) regarding industry data (frequently industry averages), data on competitors' performance, and comparisons with other organizations providing similar health care services.

Creating Value

The term “creating value” refers to processes that produce benefit for your patients and other customers and for your organization. For example, vaccinations and health screenings might be key processes for creating value for a community health center. They are the processes most important to “running your organization”—those that involve the majority of your staff and generate your health care services and positive organizational performance results for your patients, other customers, and key stakeholders.

Customer

The term “customer” refers to actual and potential users of your organization's services or programs. Patients are the primary customers of health care organizations. Other customers could include patients' families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. The Criteria address customers broadly, referencing current customers, future customers, as well as customers of your competitors and other organizations providing similar health care services or programs.

Patient-focused excellence is a Baldrige Core Value embedded in the beliefs and behaviors of high-performance organizations. Customer focus impacts and should integrate an organization's strategic directions, its health care processes, and its organizational performance results.

See the definition of “stakeholders” on page 75 for the relationship between customers and others who might be affected by your organization's services or programs.

Cycle Time

The term “cycle time” refers to the time required to fulfill commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving overall performance. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include test results reporting time, time to introduce new health care technology, order fulfillment time, length of hospital stays, billing time, and other key measures of time.

Deployment

The term “deployment” refers to the *extent* to which an approach is applied in addressing the requirements of a Baldrige Criteria Item. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant departments and work units throughout the organization.

Deployment is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 55–58.

Diversity

The term “diversity” refers to valuing and benefiting from personal differences. These differences address many variables including race, religion, color, gender, national origin, disability, sexual orientation, age, education, geographic origin, and skill characteristics, as well as differences in ideas, thinking, academic disciplines, and perspectives.

The Baldrige Criteria refer to the diversity of your staff recruitment and patient and other customer communities. Capitalizing on both provides enhanced opportunities for high performance; patient and other customer, staff, and community satisfaction; and patient, customer, and staff loyalty.

Effective

The term “effective” refers to how well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) the evaluation of how well the approach is aligned with the organization's needs and how well the approach is deployed or (2) the evaluation of the outcome of the measure used.

Empowerment

The term “empowerment” refers to giving staff the authority and responsibility to make decisions and take appropriate actions. Empowerment results in decisions being made closest to the patient or the business “front line,” where patient and customer needs and work-related knowledge and understanding reside.

Empowerment is aimed at enabling staff to satisfy patients and customers on first contact, to improve processes and increase productivity, and to improve the organization's health care and other performance results. Empowered staff require information to make appropriate decisions; thus, an organizational requirement is to provide that information in a timely and useful way.

Ethical Behavior

The term “ethical behavior” refers to how an organization ensures that all its decisions, actions, and stakeholder

interactions conform to the organization's moral and professional principles. These principles should support all applicable laws and regulations and are the foundation for the organization's culture and values. They define "right" from "wrong."

Senior leaders should act as role models for these principles of behavior. The principles apply to all individuals involved in the organization, from staff to members of the board of directors, and need to be communicated and reinforced on a regular basis. Although there is no universal model for ethical behavior, senior leaders should ensure that the organization's mission and vision are aligned with its ethical principles. Ethical behavior should be practiced with all stakeholders, including patients and other customers, staff, partners, suppliers, and the organization's local community.

While some organizations may view their ethical principles as boundary conditions restricting behavior, well-designed and clearly articulated ethical principles should empower people to make effective decisions with great confidence.

Goals

The term "goals" refers to a future condition or performance level that one intends to attain. Goals can be both short- and longer-term. Goals are ends that guide actions. Quantitative goals, frequently referred to as "targets," include a numerical point or range. Targets might be projections based on comparative or competitive data. The term "stretch goals" refers to desired major, discontinuous (non-incremental) or "breakthrough" improvements, usually in areas most critical to your organization's future success.

Goals can serve many purposes, including

- clarifying strategic objectives and action plans to indicate how you will measure success
- fostering teamwork by focusing on a common end
- encouraging "out-of-the-box" thinking to achieve a stretch goal
- providing a basis for measuring and accelerating progress

Governance

The term "governance" refers to the system of management and controls exercised in the stewardship of your organization. It includes the responsibilities of your organization's owners/shareholders, board of directors, senior leaders, and administrative/operational and health care leaders. Corporate or organizational charters, by-laws, and policies document the rights and responsibilities of each of the parties and describe how your organization will be directed and controlled to ensure (1) accountability to stakeholders and other owners/shareholders, (2) transparency of operations, and (3) fair treatment of all stakeholders. Governance processes may include the approval of strategic direction, the monitoring and evaluation of senior leader performance, the

establishment of executive compensation and benefits, succession planning, financial auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders' and the larger society's trust and to organizational effectiveness.

Health Care Services

The term "health care services" refers to all services delivered by the organization that involve professional clinical/medical judgment, including those delivered to patients and those delivered to the community.

High-Performance Work

The term "high-performance work" refers to work processes used to systematically pursue ever-higher levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time performance. High-performance work results in improved service for patients and other customers and other stakeholders.

Approaches to high-performance work vary in form, function, and incentive systems. High-performance work frequently includes cooperation between administration/management and the staff, which may involve workforce bargaining units; cooperation among department/work units, often involving teams; self-directed responsibility and staff empowerment; staff input to planning; individual and organizational skill building and learning; learning from other organizations; flexibility in job design and work assignments; a flattened organizational structure, where decision making is decentralized and decisions are made closest to the patient or the business "front line"; and effective use of performance measures, including comparisons. Many high-performance work systems use monetary and nonmonetary incentives based on factors such as organizational performance, team and individual contributions, and skill building. Also, high-performance work usually seeks to align the organization's structure, work, jobs, staff development, and incentives.

How

The term "how" refers to the processes that an organization uses to accomplish its mission requirements. In responding to "how" questions in the Process Item requirements, process descriptions should include information such as approach (methods and measures), deployment, learning, and integration factors.

Innovation

The term "innovation" refers to making meaningful change to improve services, programs, processes, or organizational effectiveness and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is either new or new to its proposed application.

Successful organizational innovation is a multistep process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with health care research and technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or change in approach or outputs. It could include fundamental changes in organizational structure to more effectively accomplish the organization's work. It could address, for example, critical pathways and practice guidelines, facility design, the administration of medications, the organization of work, or alternative therapies.

Integration

The term “integration” refers to the harmonization of plans, processes, information, resource decisions, actions, results, and analyses to support key organization-wide goals. Effective integration goes beyond alignment and is achieved when the individual components of a performance management system operate as a fully interconnected unit.

See also the definition of “alignment” on page 69.

Integration is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 55–58.

Key

The term “key” refers to the major or most important elements or factors, those that are critical to achieving your intended outcome. The Baldrige Criteria, for example, refer to key challenges, key patient/customer groups, key plans, key processes, and key measures—those that are most important to your organization's success. They are the essential elements for pursuing or monitoring a desired outcome.

Knowledge Assets

The term “knowledge assets” refers to the accumulated intellectual resources of your organization. It is the knowledge possessed by your organization and its staff in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. Staff, databases, documents, guides, policies and procedures, and software and patents are repositories of an organization's knowledge assets. Knowledge assets are held not only by an organization but reside within its patients and other customers, suppliers, and partners as well.

Knowledge assets are the “know how” that your organization has available to use, to invest, and to grow. Building and managing your knowledge assets are key components for your organization to create value for your stakeholders and to help sustain overall organizational performance success.

Leadership System

The term “leadership system” refers to how leadership is exercised, formally and informally, throughout the organization; it is the basis for and the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision making; selection and development of leaders and managers; and reinforcement of values, ethical behavior, directions, and performance expectations. In health care organizations with separate administrative/operational and health care provider leadership, the leadership system also includes the relationships among those leaders.

An effective leadership system respects the capabilities and requirements of staff and other stakeholders, and it sets high expectations for performance and performance improvement. It builds loyalties and teamwork based on the organization's vision and values and the pursuit of shared goals. It encourages and supports initiative and appropriate risk taking, subordinates organizational structure to purpose and function, and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders to conduct self-examination, receive feedback, and improve.

Learning

The term “learning” refers to new knowledge or skills acquired through evaluation, study, experience, and innovation. The Baldrige Criteria include two distinct kinds of learning: organizational and personal. Organizational learning is achieved through research and development; evaluation and improvement cycles; the ideas and input of staff, patients, other customers, and stakeholders; best practice sharing; and benchmarking. Personal learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way an organization operates. Learning contributes to organizational performance success for the organization and its staff. For further description of organizational and personal learning, see the related Core Value and Concept on page 2.

Learning is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 55–58.

Levels

The term “levels” refers to numerical information that places or positions an organization's results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

Measures and Indicators

The term “measures and indicators” refers to numerical information that quantifies input, output, and performance dimensions of processes, programs, services, and the overall organization (outcomes). The Health Care Criteria place particular focus on measures of health care outcomes, health care service delivery, and patients’ functional status. Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer the term “indicator” (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor (“leading indicator”) of some more significant performance (e.g., increased patient satisfaction might be a leading indicator of a gain in HMO member retention).

Mission

The term “mission” refers to the overall function of an organization. The mission answers the question, “What is this organization attempting to accomplish?” The mission might define patients, other customers, or markets served; distinctive competencies; or technologies used.

Multiple Requirements

The term “multiple requirements” refers to the individual questions Criteria users need to answer within each Area to Address. These questions constitute the details of an Item’s requirements. They are presented in black text under each Item’s Area(s) to Address. This presentation is illustrated in the Item format shown on page 59.

Overall Requirements

The term “overall requirements” refers to the topics Criteria users need to address when responding to the central theme of an Item. Overall requirements address the most significant features of the Item requirements. In the Criteria, the overall requirements of each Item are presented in one or more introductory sentences printed in bold. This presentation is illustrated in the Item format shown on page 59.

Partners

The term “partners” refers to those key organizations or individuals who are working in concert with your organization to achieve a common goal or to improve performance. Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or deliver a specific service.

Formal partnerships are usually for an extended period of time and involve a clear understanding of the individual and mutual roles and benefits for the partners.

Patient

The term “patient” refers to the person receiving health care, including preventive, promotional, acute, chronic, rehabilitative, and all other services in the continuum of care. Other terms organizations use for “patient” include member, consumer, client, or resident.

Performance

The term “performance” refers to output results and their outcomes obtained from processes and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Performance can be expressed in nonfinancial and financial terms.

The Baldrige Health Care Criteria address four types of performance: (1) health care outcomes and service delivery, (2) patient- and other customer-focused, (3) financial and marketplace, and (4) operational.

“Health care outcomes and service delivery performance” refers to performance relative to measures and indicators of health care service important to patients and other customers. Examples of health care performance include reductions in hospital admission rates, mortality and morbidity rates, nosocomial infection rates, length of hospital stays, and patient-experienced error levels. Other examples include increases in outside-the-hospital treatment of chronic illnesses, and patient compliance and adherence. Health care performance might be measured at the organizational level and at the DRG-specific level.

“Patient- and other customer-focused performance” refers to performance relative to measures and indicators of patients’ and other customers’ perceptions, reactions, and behaviors. Examples include patient loyalty, customer retention, complaints, customer survey results, and service response time.

“Financial and marketplace performance” refers to performance using measures of cost, revenue, and market position, including asset utilization, asset growth, and market share. Examples include returns on investments, value added per staff member, bond ratings, debt-to-equity ratio, returns on assets, operating margins, performance to budget, amount of reserve funds, other profitability and liquidity measures, and market gains.

“Operational performance” refers to staff, leadership, organizational, and ethical performance relative to effectiveness, efficiency, and accountability measures and indicators. Examples include cycle time, productivity, waste reduction, staff turnover, staff cross-training rates, accreditation results, legal/regulatory compliance, fiscal accountability, community

involvement, and contributions to community health. Operational performance might be measured at the department and work unit level, key process level, and organizational level.

Performance Excellence

The term “performance excellence” refers to an integrated approach to organizational performance management that results in (1) delivery of ever-improving value to patients, other customers, and stakeholders, and contributing to improved health care quality and organizational sustainability; (2) improvement of overall organizational effectiveness and capabilities as a health care provider; and (3) organizational and personal learning. The Baldrige Health Care Criteria for Performance Excellence provide a framework and an assessment tool for understanding organizational strengths and opportunities for improvement and thus for guiding planning efforts.

Performance Projections

The term “performance projections” refers to estimates of future performance. Projections may be inferred from past performance, may be based on competitors’ or similar organizations’ performance or the performance of other organizations providing similar health care services that must be met or exceeded, may be predicted based on changes in a dynamic health care environment, or may be goals for future performance. Projections integrate estimates of your organization’s rate of improvement and change, and they may be used to indicate where breakthrough improvement or change is needed. Thus, performance projections serve as a key management planning tool.

Process

The term “process” refers to linked activities with the purpose of producing a product or service for patients and other customers within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a defined series of steps or actions. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, such as health care treatment, particularly when customers are directly involved in the service, process is used in a more general way (i.e., to spell out what must be done, possibly including a preferred or expected sequence). If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Such service processes also require guidance to the providers of those services on handling contingencies related to the possible actions or behaviors of those served.

In knowledge work, such as health care assessment and diagnosis, strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understandings regarding competent performance, such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

In the Baldrige Scoring System, process achievement level is assessed. This achievement level is based on four factors that can be evaluated for each of an organization’s key processes: Approach, Deployment, Learning, and Integration. For further description, see the Scoring System on pages 55–58.

Productivity

The term “productivity” refers to measures of the efficiency of resource use.

Although the term often is applied to single factors such as staffing (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether the net effect of overall changes in a process—possibly involving resource tradeoffs—is beneficial.

Purpose

The term “purpose” refers to the fundamental reason that an organization exists. The primary role of purpose is to inspire an organization and guide its setting of values. Purpose is generally broad and enduring. Two organizations providing different health care services could have similar purposes, and two organizations providing similar health care services could have different purposes.

Results

The term “results” refers to outputs and outcomes achieved by an organization in addressing the requirements of a Baldrige Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements. For further description, see the Scoring System on pages 55–58.

Segment

The term “segment” refers to a part of an organization’s overall patient, other customer, market, health care service, or staff base. Segments typically have common characteristics that can be logically grouped. In Results Items, the term refers to disaggregating results data in a way that allows for meaningful analysis of an organization’s performance. It is up to each organization to determine the specific factors

that it uses to segment its patients and other customers, markets, health care services, and staff.

Understanding segments is critical to identifying the distinct needs and expectations of different patient and other customer, market, and staff groups and to tailoring health care services and programs to meet their needs and expectations. As an example, market segmentation might be based on geography, distribution channels, health care service volume, or technologies employed. Staff segmentation might be based on geography, specialties, skills, needs, work assignments, or job classifications.

Senior Leaders

The term “senior leaders” refers to an organization’s senior management group or team. In many organizations, this consists of the head of the organization and his or her direct reports. In health care organizations with separate administrative/operational and health care provider leadership, “senior leaders” refers to both sets of leaders and the relationships among those leaders.

Staff

The term “staff” refers to all people who contribute to the delivery of an organization’s services, including paid staff (e.g., permanent, part-time, temporary, and contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary). Staff includes team leaders, supervisors, and managers at all levels.

Stakeholders

The term “stakeholders” refers to all groups that are or might be affected by an organization’s services, actions, and success. Examples of key stakeholders might include patients and other customers (e.g., patients’ families, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students), staff, partners, governing boards, investors, charitable contributors, suppliers, taxpayers, policymakers, and local and professional communities.

See also the definition of “customer” on page 70.

Strategic Challenges

The term “strategic challenges” refers to those pressures that exert a decisive influence on an organization’s likelihood of future success. These challenges frequently are driven by an organization’s future collaborative environment and/or competitive position relative to other providers of similar health care services. While not exclusively so, strategic challenges generally are externally driven. However, in

responding to externally driven strategic challenges, an organization may face internal strategic challenges.

External strategic challenges may relate to patient and other customer or health care market needs or expectations; health care service or technological changes; or financial, societal, and other risks or needs. Internal strategic challenges may relate to an organization’s capabilities and its human and other resources.

See the definition of “strategic objectives” that immediately follows for the relationship between strategic challenges and the strategic objectives an organization articulates to address key challenges.

Strategic Objectives

The term “strategic objectives” refers to an organization’s articulated aims or responses to address major change or improvement, competitiveness or social issues, and health care advantages. Strategic objectives generally are focused both externally and internally and relate to significant patient and other customer, market, service, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what an organization must achieve to remain or become competitive and ensure long-term sustainability. Strategic objectives set an organization’s longer-term directions and guide resource allocations and redistributions.

See the definition of “action plans” on page 69 for the relationship between strategic objectives and action plans and for an example of each.

Sustainability

The term “sustainability” refers to your organization’s ability to address current business needs and to have the agility and strategic management to prepare successfully for your future organizational, market, and operating environment. Both external and internal factors need to be considered. The specific combination of factors might include health care-wide and organization-specific components.

In addition to responding to changes in the organizational, market, and operating environment, sustainability also has a component related to preparedness for real-time or short-term emergencies.

Systematic

The term “systematic” refers to approaches that are well-ordered, repeatable, and use data and information so learning is possible. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. For use of the term, see the Scoring Guidelines on pages 56–57.

Trends

The term “trends” refers to numerical information that shows the direction and rate of change for an organization’s results. Trends provide a time sequence of organizational performance.

A minimum of three data points generally is needed to begin to ascertain a trend. More data points are needed to define a statistically valid trend. The time period for a trend is determined by the cycle time of the process being measured. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer time periods before meaningful trends can be determined.

Examples of trends called for by the Criteria include data related to health care outcomes and other health care service results, patient/customer and staff satisfaction and dissatisfaction results, financial performance, health care marketplace performance, and operational performance, such as cycle time and productivity.

Value

The term “value” refers to the perceived worth of a product, service, process, asset, or function relative to cost and possible alternatives.

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to patients and other customers. Organizations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as patients, third-party payors, investors, staff, and the community.

Values

The term “values” refers to the guiding principles and behaviors that embody how your organization and its people are expected to operate. Values reflect and reinforce the desired culture of the organization. Values support and guide the decision making of every staff member, helping the organization to accomplish its mission and attain its vision in an appropriate manner. Examples of values might include demonstrating integrity and fairness in all interactions, exceeding patient and other customer expectations, valuing staff and diversity, protecting the environment, and striving for performance excellence every day.

Vision

The term “vision” refers to the desired future state of your organization. The vision describes where the organization is headed, what it intends to be, or how it wishes to be perceived in the future.

Work Systems

The term “work systems” refers to how your staff members are organized into formal or informal units to accomplish your mission and your strategic objectives; how job responsibilities are managed; and your processes for communication and staff hiring, performance management, compensation, recognition, and succession planning. Organizations design work systems to align their components to enable and encourage all staff to contribute effectively and to the best of their ability.



INDEX OF KEY TERMS

Note: Page number references to “C2” and “C3” refer to inside front cover and inside back cover, respectively.

A

access, C2, 16, 19, 22, 25, 45, 49–50, 53
accreditation, 4, 12–13, 16, 29, 36, 42, 54, 73
achievement level, 56, 74
action plans, 5, 15, 18–20, 24, 26–27, 34, 36, 43, 48, 55, 60, 69, 71, 75
actionable information, 22, 45
agility, 1, 3, 7, 15, 19, 26, 29, 31, 41, 50, 75
alignment, 1, 4–5, 7, 9, 19, 24, 26, 42–43, 45–49, 52, 56, 60, 62, 69, 72
American Society for Quality (ASQ), C2, 67
analysis, 4, 6, 11, 20–22, 24–25, 35, 38–39, 45–47, 49, 52, 56, 58, 60, 69, 74
anecdotal, 56, 60, 69
approach, *i*, 1–2, 3, 7, 14, 15, 18, 27, 28, 30, 40, 43, 48, 51–52, 55–56, 58, 60, 61, 69–72, 74–75
“Areas to Address” (Areas), 6, 56, 59, 61
assessment, *i*, 3, 8–9, 11–12, 14, 28, 36, 46, 53, 59–60, 64, 74, C3
Award cycle, 63–65
Award recipients, C2, *ii*, *iv*, 64–65, C3

B

basic requirements, 56
benchmarking, 2, 24, 40, 46, 51–52, 69, 72
best practices, 1, 4–5, 24–25, 42, 46, 69
Board of Examiners, C2, 64, 66, 67, C3
Board of Overseers, C2

C

categories, *ii*, 4–6, 11–12, 28, 34, 40, 55–56, 61, 63, 65, 69, C3
change management, 4
citizenship, 4, 16, 36, 41–42
community
– service, 17, 28–29, 42, 49
comparative data, 3, 14, 24, 32–36, 40, 46, 52, 55–56, 62, 69
compensation and recognition, 44, 48
competitors, 3–4, 14, 18–19, 21–22, 24, 32–33, 40–41, 43–47, 60, 62, 70, 74
complaint, 21–22, 45, 53–54, 73
compliance
– legal, 16, 36
– regulatory, 54, 73
confidentiality, 21, 25, 47, 64

continuous improvement, 2, 50
core competencies, 3, 46
Core Values and Concepts, 1, 5–6, 7
Criteria for Performance Excellence, *i*, 5, 65, 67–68, C3
Criteria Response Guidelines, 59
critical success factors, 51
customer
– key contact requirements, 22, 45
– loyalty and retention, 14, 21, 33
– satisfaction, 4, 22–23, 32–33, 40, 44–46, 52–53
cycle time, 2–3, 14–15, 29, 31, 35, 40, 46, 49–50, 51, 53, 54, 70–71, 73, 76

D

“deployment,” 7, 11, 14–15, 19–20, 42–43, 45–46, 55–56, 60–61, 69–71, 74
distance learning, 27, 49
diversity, 7, 12, 27, 34, 48, 70, 76

E

e-technology, 50, 54
Education Criteria for Performance Excellence, 65, 68
eligibility, 63–66
employee, *see* staff
empowerment, 26, 28, 41, 44, 70–71
ethics (ethical behavior), 1, 4, 9, 15–17, 36, 41–42, 54, 70–72

F

feedback, C2, *i*, 1, 6, 7, 16, 21–22, 26, 45, 55, 60, 64–65, 67, 72
fees, 63–64, 67
financial performance, 4, 33, 47, 50, 53, 76
fiscal accountability, 16, 36, 73
focus on results and creating value, 1, 4
focus on the future, 1, 3, 48
Foundation for the Malcolm Baldrige National Quality Award, C2, C3

G

gap, 12, 19, 56, 61
goals, *i*, 1–2, 4, 7–8, 16, 18–19, 28, 38–39, 43–46, 52, 54–55, 58, 60, 69, 71–74
governance, 1, 4, 6, 9, 12–13, 15–16, 36, 40–41, 54, 71

H

health care category, 65
Health Care Criteria for Performance Excellence, *i*, 1, 5–6, 9, 11–12, 59, 63, 68, 74
health care outcomes, 3–4, 21, 29–30, 32, 49–52, 73, 76
health care services, 1–3, 12–14, 16, 18–19, 21–24, 29, 32–33, 41–45, 48–53, 70–71, 74–75
high performance, 2–3, 15, 26–27, 41, 48–49, 62, 70, 71
“how,” 60, 71

I

improvement
– breakthrough, 7, 24, 46, 69, 71–72, 74
– discontinuous (nonincremental), 69, 71
individual development plan (IDP), 49
information transfer, C2, 3, 25, 43, 47, 50
integration, 1, 5, 7, 45–46, 55–56, 60–61, 69, 71–72, 74
Item requirements, 13, 15, 44, 55, 57, 59, 61, 62, 69, 71, 73
Items, *i*, 6–7, 11, 13, 15, 19, 24–25, 32, 35, 40, 53–56, 58–62, 67, 69–70, 72, 74

K

key factor, 8, 16, 18, 21, 28, 42
knowledge assets, 2, 24–25, 27, 41, 47, 72
knowledge management, 6, 20, 24–25, 31, 45–49, 51

L

linkages, 5, 7, 13, 19, 59
listening and learning methods, 21–22
listening and learning strategies, 44

M

Malcolm Baldrige National Quality Award, C2, *ii*, 63, C3
management by fact, 1, 4
managing for innovation, 1, 3
maturity (organizational learning), 2, 8, 14–15, 27, 29, 31, 40–41, 43–44, 46, 48, 50, 55–56, 60–61, 72, 75

measurement, C2, 2, 4, 6, 9, 19–20,
22–23, 24, 27, 39, 43, 45–46, 50–51, 53,
61, 70, 72–74, 76
mentoring, 27, 41
mission, 7, 12, 15, 29, 40, 42, 50, 52, 55,
57, 71, 73, 76
multiple requirements, 56, 59, 73

N

National Institute of Standards and
Technology, C2, *i–ii*, 67–68

O

opportunities for improvement (OFIs),
8, 38, 40, 55, 64, 74; *see also* strengths
organizational
– and personal learning, 1–2, 42, 52,
72, 74
– citizenship, 36
– culture, 12, 26
– knowledge, 5, 25, 29, 31, 41, 45, 46, 47
Organizational Profile, *i*, 5, 6–7, 9, 11,
12–14, 15, 18, 35, 40, 55, 60–62
overall requirements, 56, 73

P

partners, C2, 1–4, 12–13, 15–16, 18–20,
22, 24–25, 29, 31, 35, 41–44, 46–48,
50–52, 71–73, 75
patient,
– health care services, 29
– patient-focused excellence, 1–2, 70
– rights, 17
payor, 3–4, 7, 13, 21, 29, 32, 44, 47,
50–51, 70, 75–76
performance, C2, *i–ii*, 1–9, 11–12, 14–17,
19–20, 24–35, 40–57, 60–64, 67–74, 76,
C3
– excellence, C2, *i–ii*, 1, 4, 5, 9, 26, 44,
63, 67–68, 74, 76, C3
– financial and marketplace, 32, 73
– health care, 17, 32, 42, 73
– key, 1, 12, 19, 29, 31
– management, 1, 4–6, 9, 16, 26, 40,
42, 44, 48, 60–62, 69, 72, 74, 76
– operational, 6–7, 32, 35, 42, 46–47,
50–51, 54, 73–74, 76
– patient- and other customer-
focused, 33, 53, 73
– projections, 19, 72, 74
process management, 6–7, 11, 16,
29–32, 39, 45, 50, 60–61
processes
– health care delivery, 1

– health care service, 31, 51
– support, 2, 12, 29, 31, 51–52
productivity, *i*, 3, 15, 28–29, 31, 35, 42,
45–47, 50–51, 54, 70–71, 73–74, 76
provider, 1–2, 7, 15, 16, 18–19, 21, 24, 25,
29, 30, 33, 41–43, 45, 52, 60, 72, 74–75
Public Law 100-107, 65, C3

Q

quantitative goals, 58, 71
The Quest for Excellence Conference,
C2, *ii*, 65

R

recruitment, 26–27, 41, 48, 69–70
regulatory environment, 12–13, 18, 40
requirements
– basic, 9, 56, 69
– Item, 13, 15, 44, 55, 57, 59, 61–62,
69, 71, 73
– multiple, 56, 59, 73
– overall, 56, 73
resource allocation, 3, 18, 43, 75
resource conservation, 4
results
– health care, 32, 45, 52
– organizational effectiveness, 35, 54
– patient- and other customer-
focused, 33, 53
rework, 29, 31
risks, 16, 18, 31, 36, 43, 52, 75
role model organization, *ii*, 42

S

safety
– environmental, 27
– patient, 1, 16, 18, 29, 32, 54
– staff, 49
– workplace, 49
sanctions, 36, 54
Scoring Guidelines, 7–8, 13, 55–57,
60–62, 69, 75
scoring range, 56
Scoring System, 11, 14–15, 55, 59, 60,
70, 72, 74
segment, 3–4, 12–13, 21, 28, 32–36,
43–44, 53, 61, 74–75
self-directed team, 48
senior leaders, 1, 5–6, 9, 12, 15–16, 19,
24, 31, 36, 40–42, 46, 51, 54, 69, 71, 75
Six Sigma, *i*, 14–15, 30, 54
social responsibility and community
health, 1, 4, 6–7, 11, 16, 32, 36, 42, 52,
54

staff

– education and training, 27, 61
– independent practitioner, 26–27, 34,
48, 75
– performance management, 26
– students, 3–4, 21, 26, 34, 44, 48, 50,
70, 75
– turnover, 28, 46, 50, 54, 73
– volunteers, 1–2, 13, 15, 26–27, 34,
41, 48–49, 75
stakeholders, 1, 3–5, 7, 12–13, 15–16,
18–19, 36, 41–42, 47–48, 50–51, 54,
70–72, 74–76
strategic challenges, 6, 14, 18, 40–41, 75
strategic objectives, 2–3, 5, 15, 18–20,
24, 43, 45, 48, 51, 54–55, 60, 69, 71, 73,
75–76
strengths, 3, 8, 15–19, 38–40, 42–43, 55,
62, 74; *see also* opportunities for
improvement (OFIs)
stretch goals, 44, 46, 71
succession planning, 3, 15, 26, 41, 48,
71, 76
suppliers, 3–4, 12–13, 15, 18, 20, 24–25,
29, 31, 40–41, 46–48, 50, 52, 71–72, 75
supply chain management, 31, 51–52, 54
sustainability, 1–2, 9, 14, 18, 21, 40–42,
44, 47–48, 53, 74–75
sustainable, 3, 15, 40
systematic, 14, 27, 49, 55–56, 58, 60, 69,
71, 75
systematic approach, 56, 58, 60
systems perspective, 1, 4–5, 7, 9

T

trend data, 55, 57, 61

V

value, 1–4, 7, 15, 29, 33, 41, 47–48, 50,
52–53, 59–60, 70–72, 74, 76
value added, 33, 46–47, 73
value creation, *see* creating value
values, 1, 4, 6–7, 11–12, 15, 40–41,
71–72, 74, 76
valuing staff and partners, 1, 2–3
vision, 12, 15, 40–41, 71–72, 76
visionary leadership, 1

W

waste reduction, 4, 46, 54, 73
“what,” 60
work systems, 26, 48, 71, 76

[illegible]

THE BALDRIGE NATIONAL QUALITY PROGRAM AND ITS IMPACTS

The Malcolm Baldrige National Quality Award was created by Public Law 100-107 and signed into law on August 20, 1987. Public Law 100-107 led to the creation of a new public-private partnership. Principal support for the Program comes from the Foundation for the Malcolm Baldrige National Quality Award, established in 1988.

The Award is named for Malcolm Baldrige, who served as Secretary of Commerce from 1981 until his death in 1987. His managerial excellence contributed to long-term improvement in efficiency and effectiveness of government.

On August 20, 1987, President Ronald Reagan signed the “Malcolm Baldrige National Quality Improvement Act of 1987,” establishing a program that many credit with making quality a national priority and helping to revitalize the U.S. economy during the 1990s. Today, the Baldrige National Quality Program and the Baldrige Award recipients are imitated and admired worldwide. More than 40 states and many countries, including Japan, have programs modeled after Baldrige. In particular, the Baldrige Criteria for Performance Excellence are widely used as an assessment and improvement tool. Millions of print and electronic copies of the Criteria have been distributed. In 1999, categories for education and health care were added to the original three categories: manufacturing, service, and small business. Impacts of the Program have been far reaching:

- Since the Baldrige Program began until 2005, there have been 1,063 applicants for the Malcolm Baldrige National Quality Award. These applicants have received vigorous evaluations by the Board of Examiners using the Criteria for Performance Excellence.
- Through 2004, 62 Award recipients have been selected across five categories: 25 manufacturing companies, 13 service companies, 15 small businesses, 5 education organizations, and 4 health care organizations.
- As of June 2005, there were 44 active state and local quality award programs in 41 states. All 44 programs are

modeled to some degree after the Baldrige National Quality Program, and their award criteria are based on the Criteria for Performance Excellence.

- From 1996 to 2004, 28 of the 38 Baldrige Award recipients were previous winners in state award programs.
- Since 1991, there have been nearly 9,000 applications for state and local quality awards.
- Over the past 18 years of its existence, the Baldrige Program has trained more than 2,000 Examiners. Since 1991, the state and local programs have trained more than 25,000 Examiners.
- The Award recipients have presented to tens of thousands of organizations at conferences worldwide. For example, Operations Management International, Inc. (OMI), an international service business with 1,400 employees, has made presentations to more than 17,000 people since becoming an Award recipient in November 2000. Branch-Smith Printing Division, a small family-owned business with 68 employees, has given presentations to more than 2,000 people since becoming an Award recipient in November 2002. The Quest for Excellence conferences have reached more than 17,000 attendees over the Program’s history.

The Baldrige National Quality Program thanks the following 2003 and 2004 Award recipients for the use of the photographs in this booklet: Baptist Hospital, Inc. (Pensacola, Florida), Saint Luke’s Hospital of Kansas City, and Robert Wood Johnson University Hospital Hamilton.

Baldrige National Quality Program

Baldrige National Quality Program
National Institute of Standards and Technology
Technology Administration
United States Department of Commerce
Administration Building, Room A600
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020

The National Institute of Standards and Technology (NIST), an agency of the U.S. Commerce Department's Technology Administration, manages the Baldrige National Quality Program (BNQP). For more than a century, NIST has helped to lay the foundation for the innovation, economic growth, and quality of life that Americans have come to expect. NIST technology, measurements, and standards help U.S. industry invent and manufacture superior products reliably, provide critical services, ensure a fair marketplace for consumers and businesses, and promote acceptance of U.S. products in foreign markets. NIST also partners with the private sector to accelerate the development of innovative technologies that promise significant commercial payoffs and widespread benefits for the nation. Through a network of nearly 400 assistance centers that serve all 50 states and Puerto Rico, NIST provides technical and business assistance to help smaller manufacturers overcome barriers to productivity and competitiveness.

Call BNQP or visit our Web site for

- information on improving the performance of your organization
- information on eligibility requirements for the Baldrige Award
- information on applying for the Baldrige Award
- information on becoming a Baldrige Examiner
- information on the Baldrige Award recipients
- individual copies of the Criteria for Performance Excellence—Business, Education, and Health Care (no cost)
- information on BNQP educational materials
- case studies

Telephone: (301) 975-2036; Fax: (301) 948-3716; E-mail: nqp@nist.gov
Web site: www.baldrige.nist.gov

American Society for Quality
600 North Plankinton Avenue
P.O. Box 3005
Milwaukee, WI 53201-3005

By making quality a global priority, an organizational imperative, and a personal ethic, the American Society for Quality (ASQ) becomes the community for everyone who seeks quality technology, concepts, or tools to improve themselves and their world. ASQ administers the Malcolm Baldrige National Quality Award under contract to NIST.

Call ASQ to order

- bulk copies of the Criteria
- Award recipients DVD

Telephone: (800) 248-1946; Fax: (414) 272-1734; E-mail: asq@asq.org
Web site: www.asq.org